

Range 7 East

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 10452' being at the Southeast Section Corner of Section 7, Township 14 South, Range 7 East, Salt Lake Base and Meridian, as shown on the Candland Mountain Quadrangle 7.5 minute series map.

Description of Location:

Surface Location

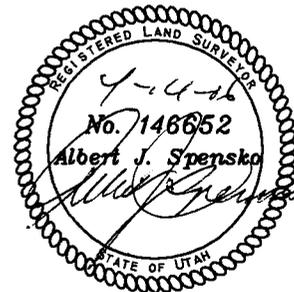
Proposed Drill Hole located in the NE/4 SW/4 of Section 20, T14S, R7E, S.L.B.&M., being 1524.96' North and 1752.63' East from the Southwest Section Corner of Section 20, T14S, R7E, Salt Lake Base & Meridian.

Target Location

Proposed Target located in the SW/4 NE/4 of Section 20, T14S, R7E, S.L.B.&M., being 1434.00' South and 1454.00' West from the Northeast Section Corner of Section 20, T14S, R7E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



GRAPHIC SCALE



(IN FEET)

1 inch = 1000 ft.

(S89°55'W - 5272.08')

N89°56'39"E - 2638.72'

1434.00'
CALC.

1454.00'
CALC.

(TARGET)
UTM
N 4382797
E 486317

N41°40'34"E
3106.67'

20

UTM
N 4382090
E 485687

1752.63'
CALC.

(SURFACE)
RIDGE RUNNER
#7-20
ELEV: 9814.3'

1524.96'
CALC.

(N89°58'W - 5269.44')

Legend

- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

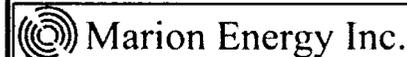
SURFACE
LAT / LONG
39°35'25.074"N
111°10'00.057"W

TARGET
LAT / LONG
39°35'48.045"N
111°09'33.697"W



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonnetv.net



Ridge Runner #7-20
Section 20, T14S, R7E, S.L.B.&M.
Emery County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 4/13/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2393

MID POWER

RESOURCE CORPORATION

April 17, 2006

Diana Whitney
State of Utah
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Directional Drilling R649-3-11

Ridge Runner #7-20: 1524.96ft FSL 1752.63ft FWL /SW/4 Section 20 14S-7E Emery County
1434ft FNL 1454ft FEL /NE Section 20 14S-7E Carbon County

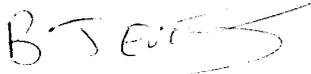
Dear Ms. Whitney

Pursuant to the filing of Mid-Power Resource Corporation's Application for Permit to Drill the above referenced well on January 5th 2006, we are hereby submitting this letter in accordance with Oil and Gas Conservation Rule R649-3-11 pertaining to the exception to location and Siting of wells.

- The Ridge Runner #7-20 well is located within the Clear Creek Federal Unit Area.
- Mid-Power Resource Corporation is permitting this well as a directional well in order to maximize drainage of the reservoir in a topographically challenging area.
- The concept of drilling Multiple directional wells from a single pad site will allow Mid-Power Resource Corporation to minimize surface disturbance that would be otherwise cause by two or more separate pad sites. Mid-Power Resource Corporation plans to Drill 3 directional wells from this pad site.
- Mid-Power Resource Corporation hereby certifies that it is the sole working interest owner within 460 feet of the entire directional well bore.

Therefore, based upon the above information Mid-Power Resource Corporation requests the permit be granted pursuant to R649-3-11.

Sincerely,



Benjamin Evans
Landman
Marion Energy Inc.
(Agent for Mid-Power Resource Corp.)

Drilling Plan
Mid-Power Resource Corporation
Ridge Runner 7-20

1. Geologic Surface Formation
 - a. Quaternary

2. Estimated Tops

<u>Name</u>	<u>TVD</u>	<u>TD</u>	<u>Production Phase</u>
Top of Emery	1900ft	1918ft	Gas
Top of Blue Gate	3200ft	3547ft	Gas
Top of Ferron	5424ft	6558ft	Gas
TD	6124ft	7505ft	

3. Casing Program

- a. See Form #3 Section 24.

4. Operators Specifications for Pressure Control Equipment

- a. 2000 psi WP Double Gate BOP or Single Gate BOP (Schematic Attached).
 - b. Functional test daily.
 - c. All casing strings shall be pressure tested (0.2psi/foot or 1500 psi, whichever is greater) prior to drilling the plug after cementing; test pressure shall not exceed the internal yield pressure of the casing.
 - d. All ram-type preventers and related control equipment shall be tested at the rated working pressure of the stack assembly or at 70 percent of the minimum internal yield pressure of the casing, whichever is less. Tests shall be done at the time of installation, prior to drilling out, and weekly. All testes shall be for a period of 15 minutes.

5. Auxiliary Equipment

- a. Kelly Cock – Yes
 - b. Float at the bit – No
 - c. Monitoring Equipment on the mud system – visually
 - d. Full opening safety valve on rig floor – Yes
 - e. Rotating head – Yes
 - f. The blooie line shall be at least 6 inches in diameter and extend at least 100 feet from the well bore into the reserve/blooie pit.

- g. Blooie line ignition shall be provided by a continuous pilot (ignited when drilling below 500 feet).
- h. Compressor shall be tied directly to the blooie line through a manifold.
- i. A mistor with a continuous stream of water shall be installed near the end of the blooie lines for dust suppression.

6. Proposed Circulating Medium

<u>Depth</u>	<u>Mud Type</u>
0 to TD	Air / Mist

7. Testing, Logging, and Coring Program

- a. Cores – Possible core of Ferron Sand
- b. DST – None anticipated
- c. Logging – DIL-GR (TD to base of surface casing).
 - a. FDC-CNL-GR-Cal (TD to base of surface casing).
- d. Formation and Completion Interval: Ferron interval, final determination of completion will be made by analysis of logs.
Simulation: Simulation will be designed for the particular area of interest as encountered.
- e. Frac gradient: Approximately 0.80 psi/ft.

8. Anticipated Cementing Program:

- a. See Form #3, Section 24.

Final cement volumes to be calculated from caliper log with an attempt to be made to circulate cement to the surface. A bond log will be run across the zone of interest and across zones as required by the authorized officer to insure protection of natural resources.

9. Anticipated Abnormal Pressures and Temperatures, Other Potential Hazards:

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 1500 psi (calculated 0.517 psi/ft) and maximum anticipated surface pressure equals approximately 862 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft).

Surface Use Plan
Mid-Power Resource Corporation
Ridge Runner 7-20

1. Existing Road:
 - a. Topo Map 'A' is the vicinity map showing the access route from Scofield, Utah.
 - b. Topo Map 'B' shows the proposed access road to each well. It also shows existing roads in the immediate area.
 - c. The existing and proposed access road, unless otherwise stated, shall be crowned, ditched, and dipped from the nearest improved road.
 - d. Occasional maintenance blading and storm repairs will keep roads in good condition.
 - e. There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.

2. Planned Access Roads:
 - a. Maximum grade will be 8% or less.
 - b. No turnouts are required.
 - c. Low water crossings to be placed in the proposed access road during drilling process and culverts may be installed at a later date.
 - d. Road surface material will be that native to the area.
 - e. No cattleguards are required.
 - f. The proposed access road was flagged at the time the location was staked.
 - g. The back slopes of the proposed access road will be no steeper than vertical or 4:1 in rock and 2:1 elsewhere.

3. Location of Existing Wells:
 - a. See Topo Map 'B'

4. Location of Existing and/or Proposed Facilities:
 - a. All Petroleum Production Facilities are to be contained within the proposed location sites.
 - b. In the event that production of these wells is established, the following will be shown:
 - i. Proposed location and attendant lines, by flagging, if off well pad.
 - ii. Dimensions of facilities.
 - iii. Construction methods and materials.
 - c. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.
 - d. All permanent facilities placed on the locations shall be painted a non-reflective color, which will blend with the natural environment.
 - e. A dike shall be constructed around the tank battery, of sufficient capacity to adequately contain at least 110 percent of the storage capacity of the largest tank within the dike.
 - f. All buried pipelines shall be covered to a depth of 3 feet except at road crossings where they shall be covered to a depth of 4 feet.

- g. Construction width of the right-of-way/pipeline route shall be restricted to 50 feet of disturbance.
- h. Pipeline location warning signs shall be installed within 90 days upon completion of construction.

5. Location and Water Supply:

- a. Any water to be used for the drilling of this well will be from the Price River Water Improvement District (an adjudicated industrial water source) and transported by a local trucking company (Nielson Construction).
- b. No water wells are to be drilled.

6. Source of Construction Materials:

- a. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads from the area. No special access other than for drilling operations and pipeline construction is needed.
- b. All access roads crossing BLM land is shown on Topo Map 'B'.
- c. All well pad surface disturbance areas are on fee lands.

7. Methods for Handling Waste Disposal:

- a. Drill cuttings will be buried in the reserve pit when covered.
- b. Drilling fluids will be contained in the reserve pit.
- c. Any hydrocarbon liquids produced while production testing will be contained in a test tank. Any unavoidable spills of oil or other adverse substances or materials will be removed immediately during drilling progress or during completion operations.
- d. Portable chemical toilets will be provided and services by a local commercial sanitary service.
- e. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.
- f. Prior to commencement of drilling, the reserve pit will be fenced on three sides using 39-inch net wire with at least one (1) strand of barbed wire. All wire is to be stretched before attaching to corner posts. When drilling activities are completed it will be fenced on the fourth side and allowed to dry (if liquids are present). After drying, the fences will be removed and the pits shall be buried. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

8. Ancillary Facilities:

- a. No airstrips, camps, or other living facilities will be built off the locations. Housing and office trailers will be on the location as seen on the location layout.

9. Well Site Layout:

- a. See attached cut sheet.
- b. Company representatives will determine if the pit is to be lined, and if so, the type of material to be used.

- c. Topsoil shall be stripped to a depth of 4 to 6 inches and stockpiled as shown on the location layout plat.
- d. The back slopes of the locations will be no steeper than vertical or $\frac{1}{4}$:1 in rock and 2:1 elsewhere.
- e. The upper edges of all cut banks on the access roads and well pads will be rounded.
- f. Catchment ponds to be placed as required to intercept drainage re-routes.

10. Plans for Restoration:

- a. Immediately upon completion, the location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.
- b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. The reserve pit will be reclaimed within one (1) year from the date of well completion.
- c. All disturbed areas will be seeded with the mixture, which is found suitable by the Utah Division of Wildlife Resources and the landowner.
- d. The seedbed will be prepared by disking, following the natural contour. Drill seed on contour at a depth no greater than $\frac{1}{2}$ inch. In areas that cannot be drilled, the seed will be broadcast at double the seeding rate and harrowed into soils. Certified seed is recommended.
- e. Fall seeding will be completed after September, and prior to prolonged ground frost.
- f. If the well is a producer, access roads will be upgraded and maintained as necessary to prevent soil erosion, and accommodate year round traffic. Areas unnecessary to operations will be reshaped, topsoil distributed, and seed distributed according to the above mixtures. Perennial vegetation would be established. Additional work may be required in case of seeding failures, etc.
- g. If the well is abandoned or is a dry hole, the access road and location will be restored to approximate the original contours. During reclamation of the site, the fill material will be pushed into cuts and up over the back slope. No depressions will be left that would trap water or form ponds. Topsoil will be distributed evenly over the location and seeded according to the above mixture. The access road and the location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
- h. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by an approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Carbon County Weed Control personnel.

11. Other Information:

- a. Man uses the area for the primary purpose of grazing domestic livestock.
 - i. All activity shall cease when soils or road surfaces become saturated to a depth of three inches, unless otherwise approved by the company representative.
 - ii. If any fossils are discovered during construction, the operator shall cease construction immediately and notify the company representative so as to determine the significance of the discovery.
- b. A Class III cultural resource inventory was completed prior to disturbance by a qualified professional archaeologist.
- c. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are

uncovered during construction, the operator is to immediately stop work that might further disturb such materials and contact the State Historic Preservation Office (SHPO). The SHPO Officer will outline (if any) what mitigation is appropriate.

- i. If the operator wished, at any time, to relocate activities to avoid the expense of mitigation and/or delays associate with this process, the SHPO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The SHPO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the State that the required mitigation has been completed, the operator will be allowed to resume construction.
- d. Less than 10,000 pounds of any chemical(s) from the EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less then threshold planning quantity (TPQ) of any extremely hazardous substance(s), as defined in 40 CFR, would be used, produced, transported, stored, disposed, or associated with the proposed action.

12. Lessee's or Operator's Representative:

Marion Energy, Inc.
Mr. Keri Clarke
119 South Tennessee, Suite 200
McKinney, TX 75069
(972)540-2967

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site(s) and access route(s); that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Marion Energy, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.



Keri Clarke
Company Representative

11-17-06

Date

Mid-Power Resource Corporation

8280 West Sahara Avenue, Suite 186
Las Vegas, Nevada 89117
702-838-0716 Fax 702-838-5087

August 25, 2005

Mr. Keri Clarke
Vice President - Land
Marion Energy Inc.
119 South Tennessee, Suite 200
McKinney, Texas 75069

Re: Clear Creek Unit – Carbon/Emery Counties, Utah

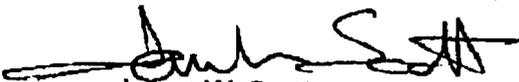
Dear Mr. Clarke:

Mid-Power Resource Corporation, as operator of the Clear Creek Unit located in Carbon/Emery Counties, Utah, hereby, authorizes and empowers Marion Energy Inc. to act as a designated agent on its behalf.

As designated agent, Marion Energy Inc. shall handle all operational matters relating to the Clear Creek Unit and shall deal directly with all State and Federal regulatory agencies in Utah (USDA Forest Service, BLM, and the DOGM) on such operational matters.

This authorization is in accordance with the terms and conditions outlined in the Farmout and Exploration Agreement entered into on February 22, 2005 by and between Mid-Power Resource Corporation and Marion Energy Inc.

Sincerely,



James W. Scott
President

PERFORMANCE BOND (See instructions on reverse)	DATE BOND EXECUTED (Must be same or later than date of contract)	OMB No.: 5000-0045
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Public reporting burden for this collection of information is estimated to average 25 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (MVA), Federal Acquisition Policy Division, GSA, Washington, DC 20405.

PRINCIPAL (Legal name and business address) Mid-Power Resource Corporation 3880 Howard Hughes Parkway #860-8290 W. SAHARA AVE. Las Vegas, Nevada 89109-89117 suite 186	TYPE OF ORGANIZATION (X) and <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> JOINT VENTURE <input checked="" type="checkbox"/> CORPORATION STATE OF INCORPORATION
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SURETY(IES) (Name(s) and business address(es)) In lieu of surety(ies) hereon, I/We the undersigned principal(s) deposit the penal amount of this bond in the sum of \$ <u>103,000.00</u> cash. Said deposit is pledged as security for performance and fulfillment of the contract designated hereon.	PENAL SUM OF BOND <table border="1"> <tr> <th>MILLIONS</th> <th>THOUSANDS</th> <th>HUNDREDS</th> <th>CENTS</th> </tr> <tr> <td></td> <td>103</td> <td>000</td> <td>00</td> </tr> </table>	MILLIONS	THOUSANDS	HUNDREDS	CENTS		103	000	00
MILLIONS	THOUSANDS	HUNDREDS	CENTS						
	103	000	00						
	CONTRACT DATE CONTRACT NO. 9/6/02 RIF #0410-03-13								

OBIGATION:
We, the Principal and Surety(ies), are jointly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, associates, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum above specified the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.

CONDITIONS:
The Principal has entered into the contract identified above.
THEREFORE:
The above obligation is valid if the Principal -

- (1) Performs and fulfills all the undertakings, covenants, terms, conditions, and agreements of the contract during the original term of the contract and any extensions thereof that are granted by the Government, with or without notice to the Surety(ies), and during the life of any surety acquired under the contract, and (2) performs and fulfills all the undertakings, covenants, terms conditions, and agreements of any and all duly authorized modifications of the contract that hereafter are made. Notice of those modifications to the Surety(ies) are waived.
- (3) Pays to the Government the full amount of the taxes imposed by the Government, if the said contract is subject to the Miller Act, 40 U.S.C. 2708-2709a, which are collected, deducted, or withheld from wages paid by the Principal in carrying out the construction contract with respect to which this bond is furnished.

WITNESS:
The Principal and Surety(ies) executed this performance bond and affixed their seals on the above date.

PRINCIPAL		
1. SIGNATURES	2. (Seal)	
1. NAME(S) & TITLE(S) (Typed)	2. (Seal)	
INDIVIDUAL SURETY(IES)		
1. SIGNATURES	2. (Seal)	
1. NAME(S)	2. (Seal)	
CORPORATE SURETY(IES)		
1. NAME & ADDRESS	2. STATE OF INC.	3. LIABILITY LIMIT
1. SIGNATURES	2.	Corporate Seal
1. NAME(S) & TITLE(S) (Typed)	2.	



AUTHORIZED FOR LOCAL REPRODUCTION
Previous edition not available

STANDARD FORM 25 (REV. 5-88)
Prescribed by GSA-FAR (48 CFR) 53.220-6

Approved by: _____ BOND APPROVING OFFICER _____ Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4B

Bond No. 9578030406

COLLATERAL BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) Mid-Power Resource Corporation as Principal, which is duly authorized and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

One Hundred Eighty Four Thousand One Hundred Eighty dollars (\$ \$184,180.00) lawful money of the United States by virtue of the following financial instruments (cash account, negotiable bonds of the United States, a state or municipality, or negotiable certificate of deposit - see Rule R649-3-1):

Negotiable Certificate of Deposit #9578030406

payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening, repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

- Blanket Bond: To cover all wells drilled in the State of Utah
(FOR 9 Wells Purchased FROM EDWARD MIKE DAVIS)
- Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal to be affixed this

25 day of March, 20 05

(Corporate or Notary Seal here)

See attached Jurat

Attestee: _____ Date: _____

Mid-Power Resource Corporation

Principal (company name)

By James W. Scott CEO & President

Name (print) Title

James W. Scott
Signature

(5/2002)

COPY

1946

ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Sacramento } ss.

On March 29, 2005 before me, Ayana Hepburn
(DATE) (NOTARY)

personally appeared James Scott
SIGNER(S)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

NOTARY'S SIGNATURE

OPTIONAL INFORMATION

The information below is not required by law. However, it could prevent fraudulent attachment of this acknowledgment to an unauthorized document.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

- INDIVIDUAL
- CORPORATE OFFICER

TITLE(S)

- PARTNER(S)
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Collateral Bond
TITLE OR TYPE OF DOCUMENT

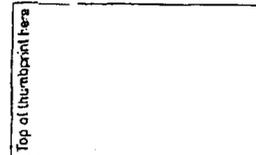
1
NUMBER OF PAGES

DATE OF DOCUMENT

OTHER

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

RIGHT THUMBPRINT
OF
SIGNER



August 24, 2004

Mr. Ed Bonner
State of Utah
School and Institutional Trust
Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

Re: Mid-Power Resource Corporation
Bonding Requirement Changes

Dear Ed:

In response to TLA's bonding requirement changes, we have reviewed and verified that our bonding requirements are in compliance with the new rules.

Our findings indicate that a cash deposit in the amount of \$20,000 was accepted by TLA on September 11, 2002 as surety to cover operations of the Utah Mineral State Well and the Oman 2-20 Well under lease ML1256. Those two wells are also covered under our bond with DOGM for plugging and abandonment.

Since the new rules require operators to post a performance bond with TLA in the amount of \$5,000 per well, we request that the cash balance of \$10,000 be release back to Mid-Power Resource Corporation.

Please feel free to contact me should you have any questions concerning this matter. I can be reached at 702-838-0716.

Sincerely,

Susan Trimboli

CC: Earlene Russell - DOGM - Fax Number 801-359-3940
Mark Roedell - Mid-Power Service Corporation

waiting for check



School and Institutional
TRUST LANDS ADMINISTRATION

Olene S. Walker
Governor
Kevin S. Carter
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

May 4, 2004

MID-POWER RESOURCES CORPORATION
3753 HOWARD HUGES PARKWAY
SUITE 200
LAS VEGAS, NV 89109

RE: Bonding Requirement Changes
Effective: February 24, 2004

Dear Sir or Madam:

Effective February 24, 2004, School and Institutional Trust Lands Administration ("TLA") entered into an agreement with the Board of Oil, Gas and Mining ("DOGM") to transfer to DOGM the responsibility of maintaining a sufficient performance bond to plug each dry or abandoned well, repair each well causing pollution, and maintain and restore each well site, if necessary. In the past, operators have been required to post bonds in various amounts with TLA to cover their operations on lands owned and administered by TLA; with DOGM if the company had operations on fee lands in Utah; and, still another, if its operations were on federal lands. Under our new agreement with DOGM, TLA will no longer require operators to post a plugging and reclamation bond with this office. All plugging and reclamation bonds for operations on TLA lands or fee lands will now be administered by DOGM under their rule R649-3-1, as revised July 1, 2003. If you currently have a bond in place with DOGM, please check with their office as it may be sufficient to cover operations on trust lands and no additional bond may be required. The DOGM rules can be viewed and bond forms can be downloaded from the DOGM website at <http://ogm.utah.gov/oilgas>.

Operators will be required, however, to post a performance bond in the amount of \$5,000 per well or \$15,000 statewide with TLA to cover lease obligations on TLA lands not otherwise covered by the DOGM bond. Delinquent or unpaid royalties would be examples of deficiencies that could be remedied by the bond. The surety sources are the same as set out in TLA's current rules at R850-20-2800.

Your company has 120 days from the date of this letter or until September 1, 2004, to verify and update your bonding to come into compliance with the new rules. Should you need assistance or have compliance questions, please contact the following people for help:

At TLA – Ed Bonner (801/538-5151 or edbonner@utah.gov)
At DOGM – Earlene Russell (801/538-5336 or earlenerussell@utah.gov)

As soon as TLA is provided evidence by your company that: (1) it has sufficient bonding with DOGM to cover plugging and reclamation operations; (2) your company has no outstanding obligations with TLA that would be remedied by your bond, and, (3) your company provides TLA

Release
\$10,000

Utah!
Where ideas connect™

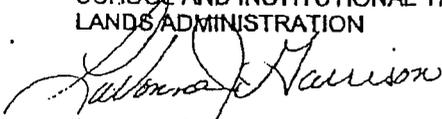
~~with the appropriate well or statewide replacement bond for future lease obligations in the~~
appropriate amount, your current bond will be released. If you would like your bond with TLA to
be transferred to DOGM's ownership, and if the instrument allows for such a transfer, please
make arrangements with your surety and with DOGM. No bonds will be released by TLA until
sufficient evidence is provided that all required bonding is in place and that there are no
outstanding obligations to TLA.

There will be a transition period, but TLA sees this as a positive move for the industry that will
simplify your statewide bonding requirements in the State of Utah.

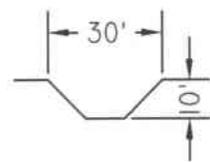
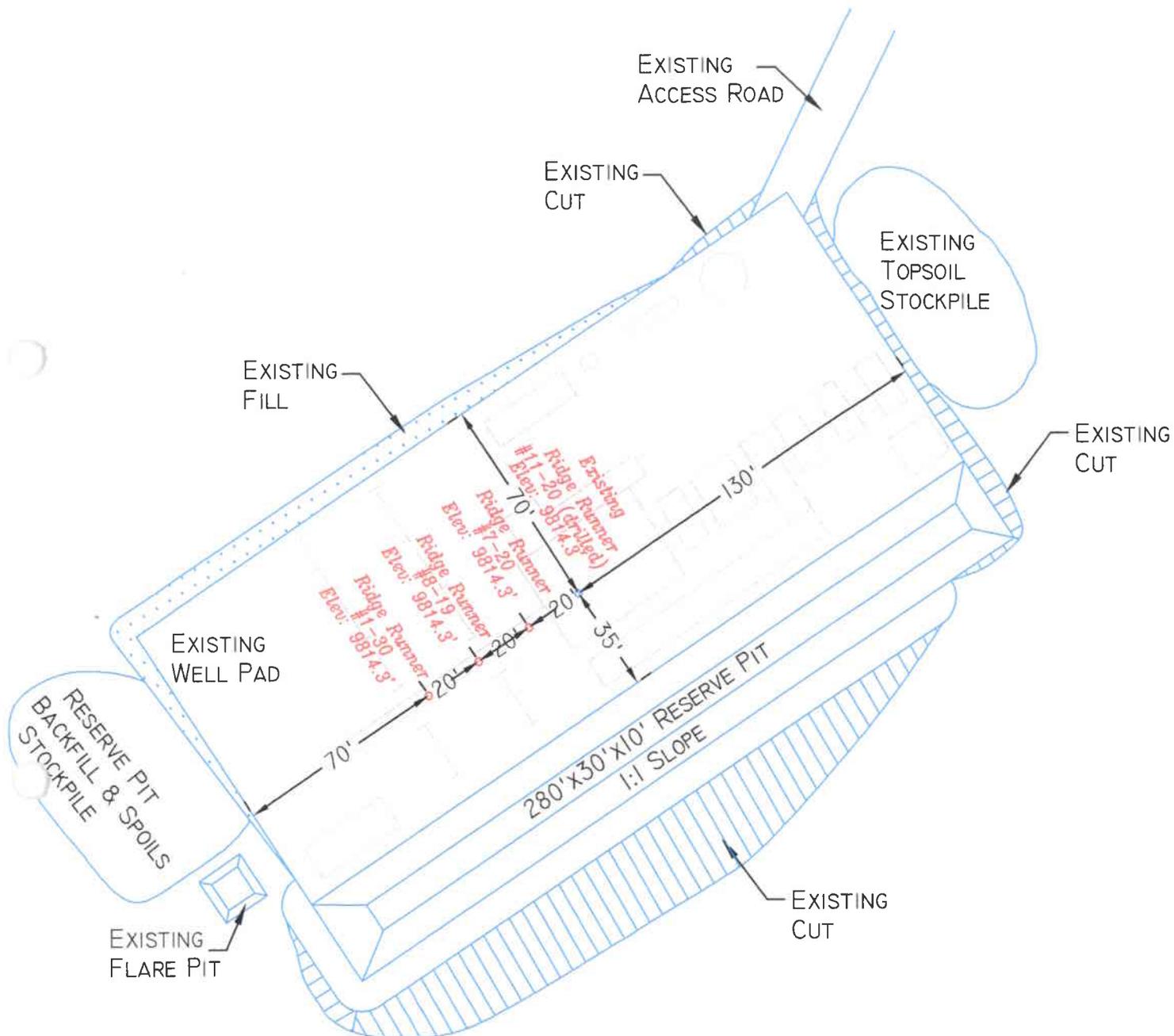
We appreciate your assistance with these changes and look forward to hearing from you.

Yours very truly,

SCHOOL AND INSTITUTIONAL TRUST
LANDS ADMINISTRATION

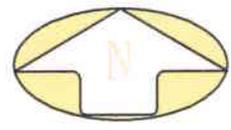


LaVonne J. Garrison
Assistant Director/Oil & Gas



PIT SECTION

APPROXIMATE CUT
= 1965 CU YDS.



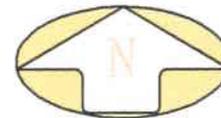
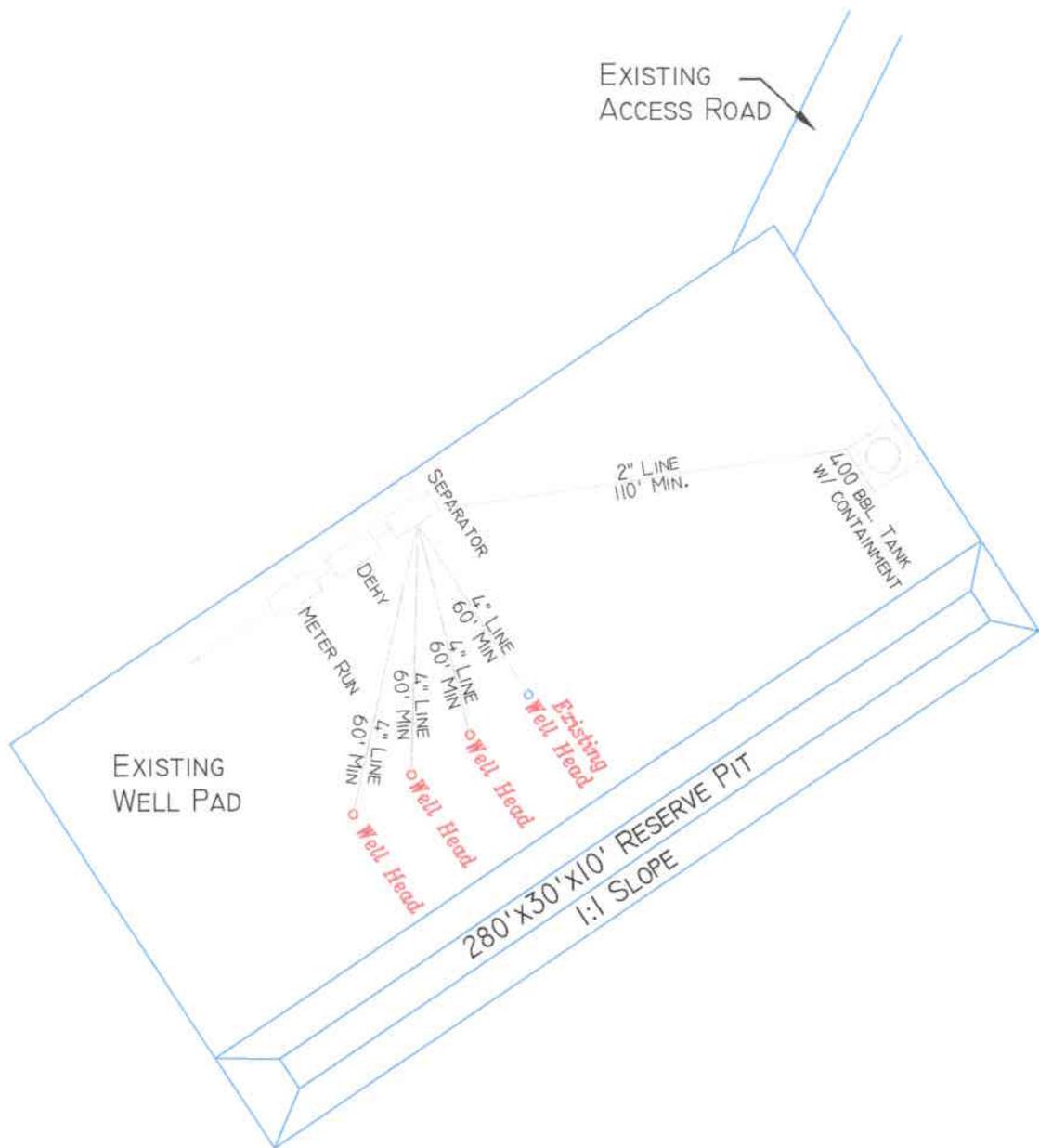
TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonaetv.net

 **Marion Energy Inc.**

**LOCATION LAYOUT
ON EXISTING WELL PAD**
Section 20, T14S, R7E, S.L.B.&M.
RIDGE RUNNER #7-20

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 4/12/06
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 2393



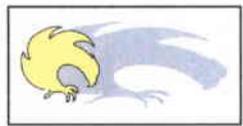
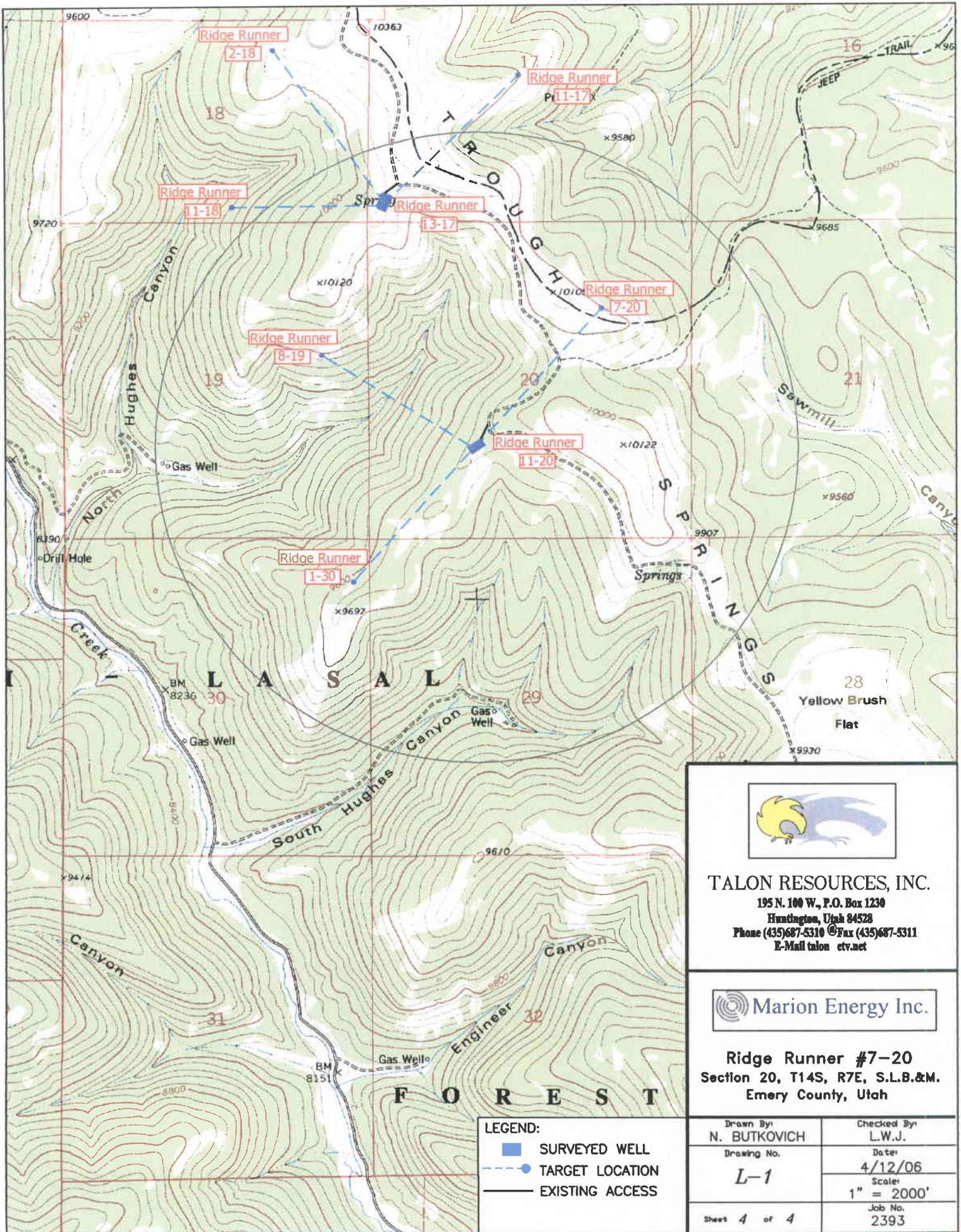
TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fx (435)687-5311
 E-Mail talon@etr.net



**PRODUCTION FACILITY LAYOUT
 ON EXISTING WELL PAD
 Section 20, T14S, R7E, S.L.B.&M.
 RIDGE RUNNER #7-20**

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-3	Date: 4/12/06
	Scale: 1" = 50'
Sheet 3 of 4	Job No. 2393



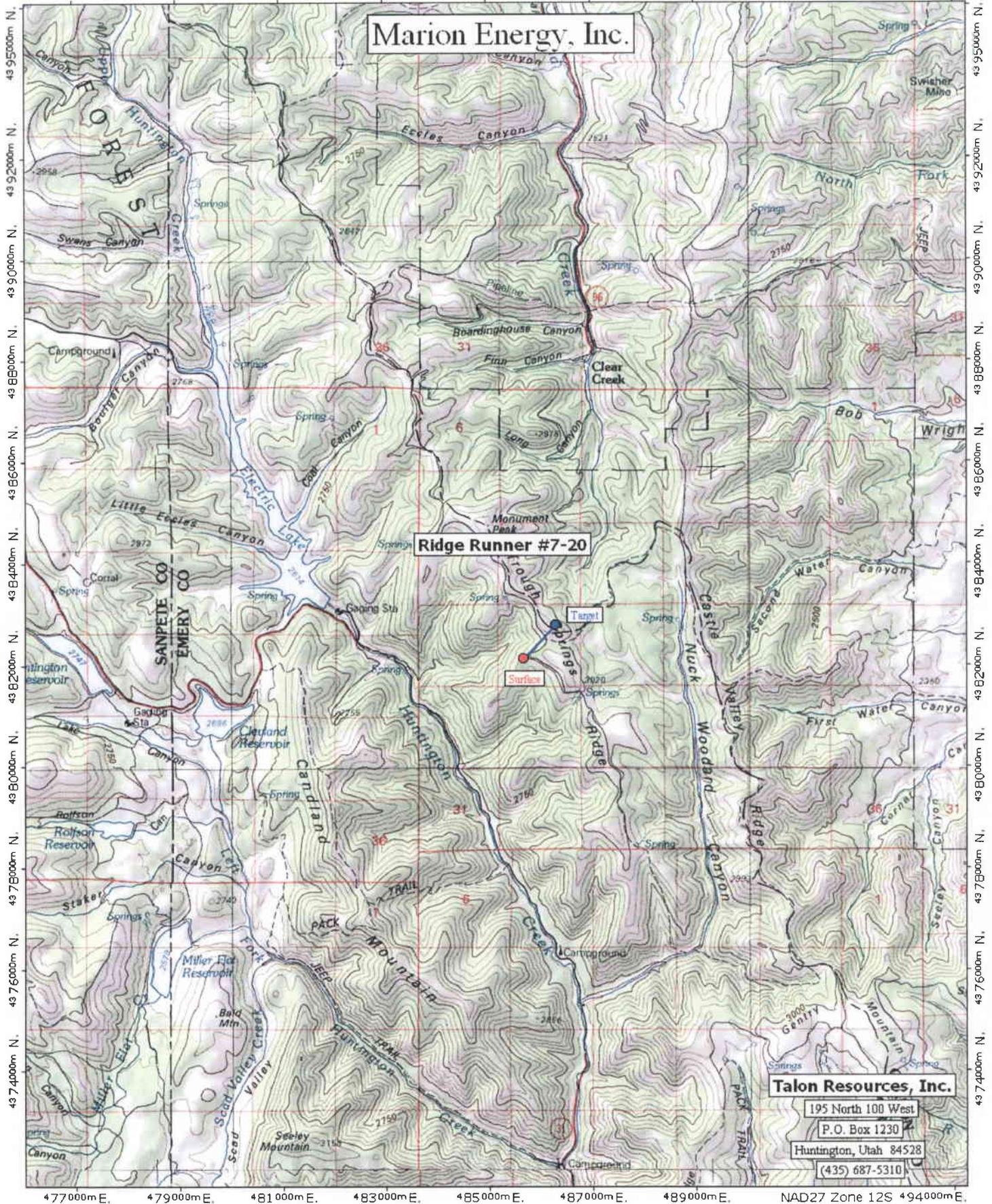
TALON RESOURCES, INC.
 195 N. 100 W., P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 © Fax (435)687-5311
 E-Mail talon etv.net



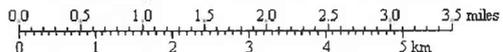
Ridge Runner #7-20
 Section 20, T14S, R7E, S.L.B.&M.
 Emery County, Utah

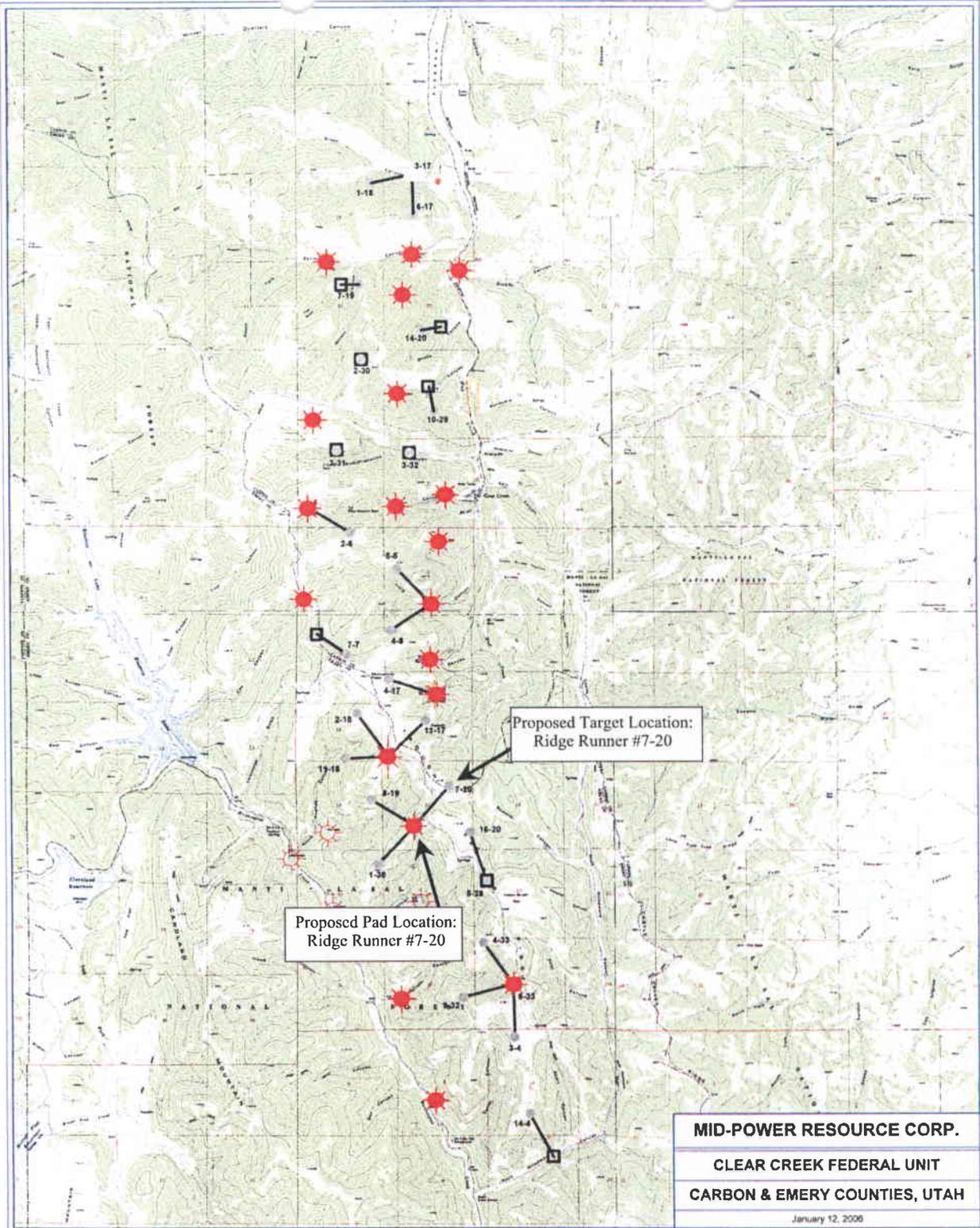
LEGEND:
 SURVEYED WELL
 TARGET LOCATION
 EXISTING ACCESS

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 4/12/06
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 2393



TN * MN
12 1/4°





PETRA 1/12/2006 11 20 37 AM

LEGEND

- Proposed Target Location
- Proposed Pad Location
- Proposed Vertical Location
- Existing Pad
- Existing Directional Target Location



MID-POWER RESOURCE CORP.
CLEAR CREEK FEDERAL UNIT
CARBON & EMERY COUNTIES, UTAH

January 12, 2006

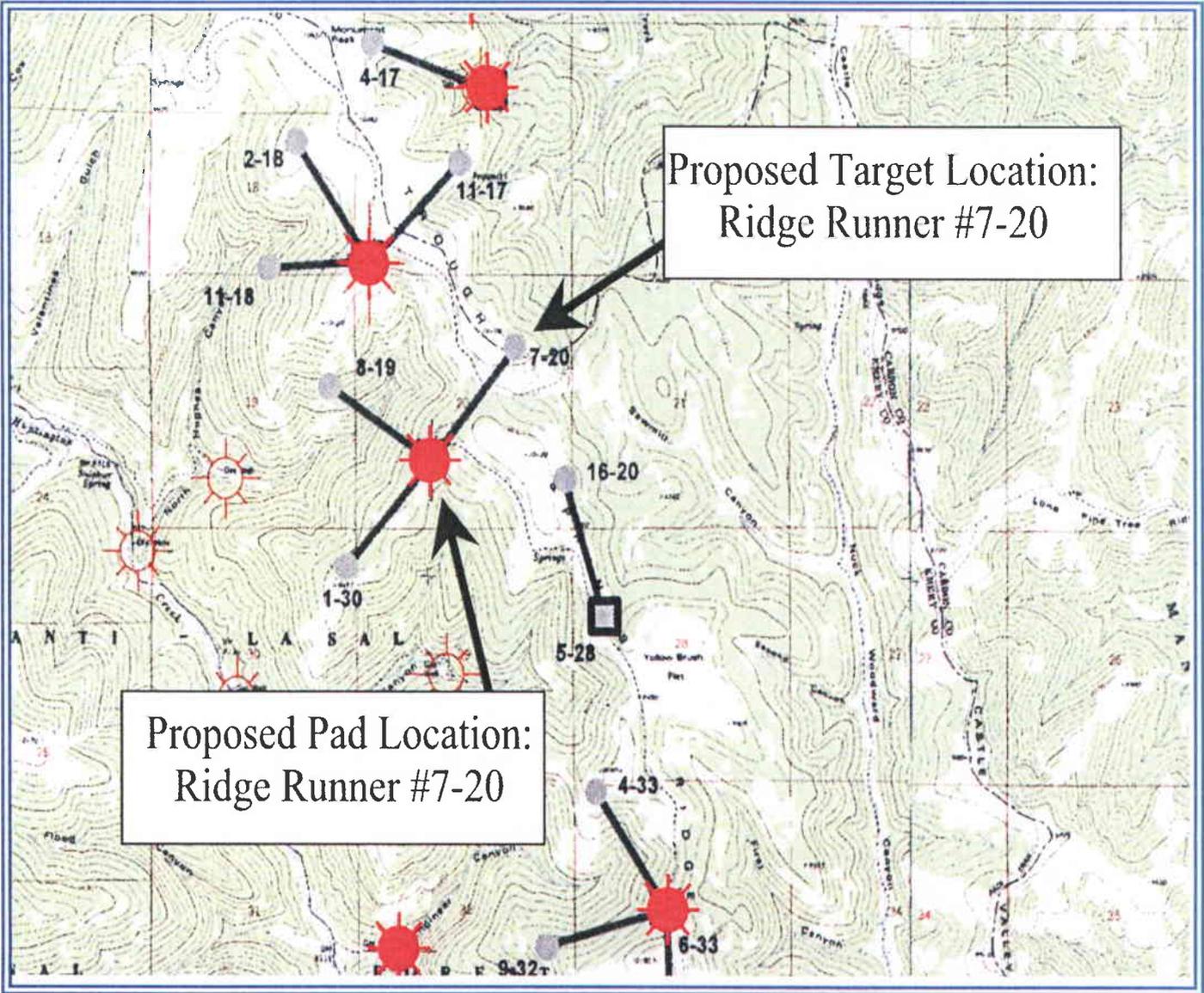
Mid-Power Resource Corp

Directional Well - Ridge Runner #7-20
 SW Section 20 T.14S., R 7 E., S.L.B.
 Surface Location: 1529.96' FSL, 1752.63' FWL
 NE Section 20 T.14S., R. 7E., S.L.B.
 Target Location: 1434' FNL, 1454' FEL



8290 W. Sahara Avenue Ste. 186
 Las Vegas, NV, 89117
 Tel: (702) 838-0716
 Fax: (702) 838-5087

Topographic Map
 Created on April 14th 2006
 Created by John Pinkerton Revised: MM-DD-YY



Proposed Pad Location:
Ridge Runner #7-20

Proposed Target Location:
Ridge Runner #7-20

LEGEND

- Proposed Target Location
- Proposed Pad Location
- Proposed Vertical Location
- Existing Pad
- Existing Directional Target Location



Mid-Power Resource Corp

Directional Well - Ridge Runner #7-20
SW Section 20 T.14S., R 7 E., S.L.B.
Surface Location: 1524.96' FSL, 1752.63' FWL
NE Section 20 T. 14S., R. 7E., S.L.B.
Target Location: 1434' FNL, 1454' FEL

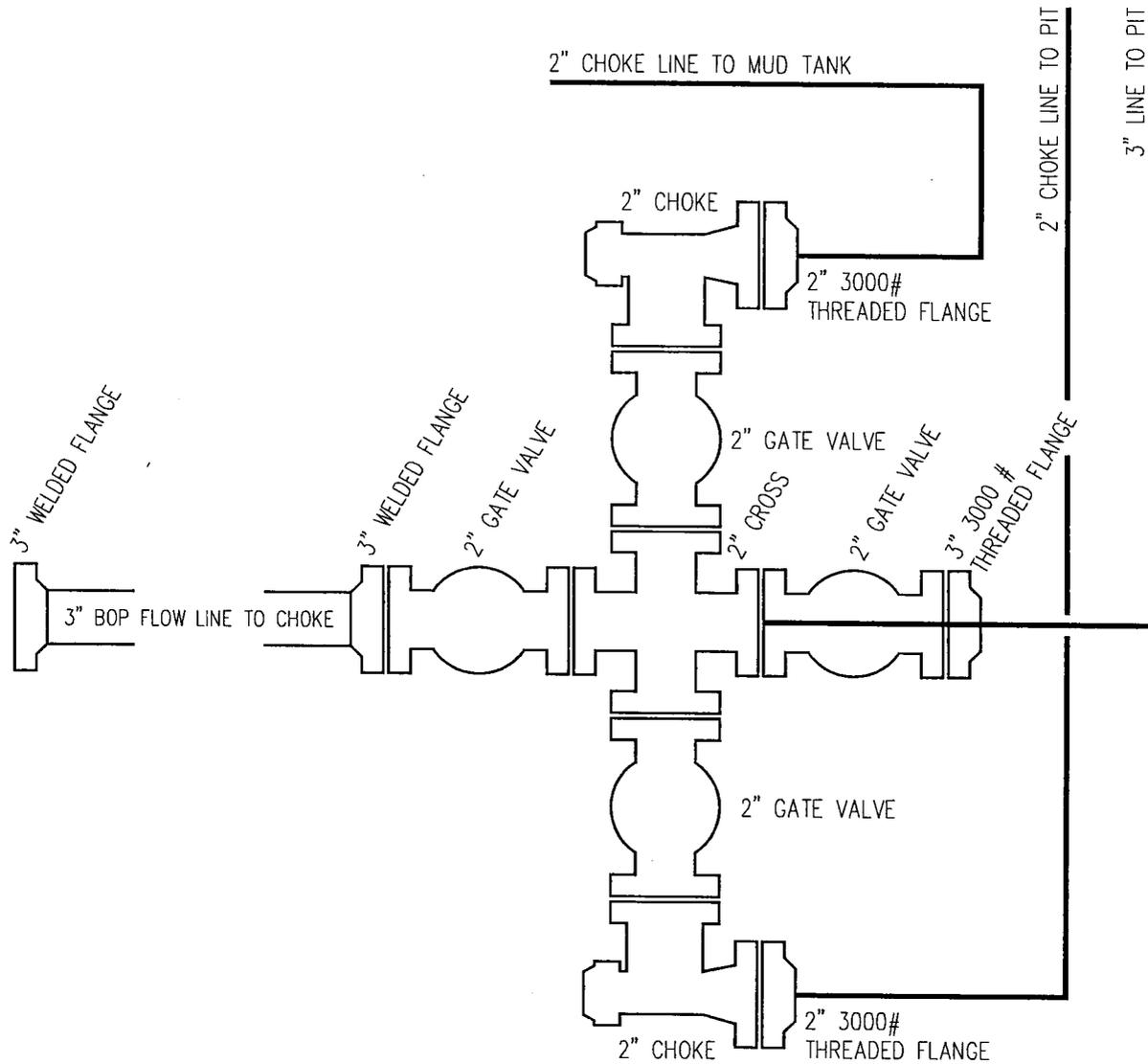


8290 W. Sahara Avenue Ste. 186
Las Vegas, NV, 89117
Tel: (702) 838-0716
Fax: (702) 838-5087

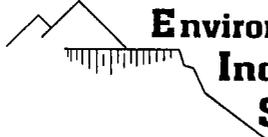
Topographic Map

Created on January 24th 2006

Created by John Pinkerton Revised: MM-DD-YY



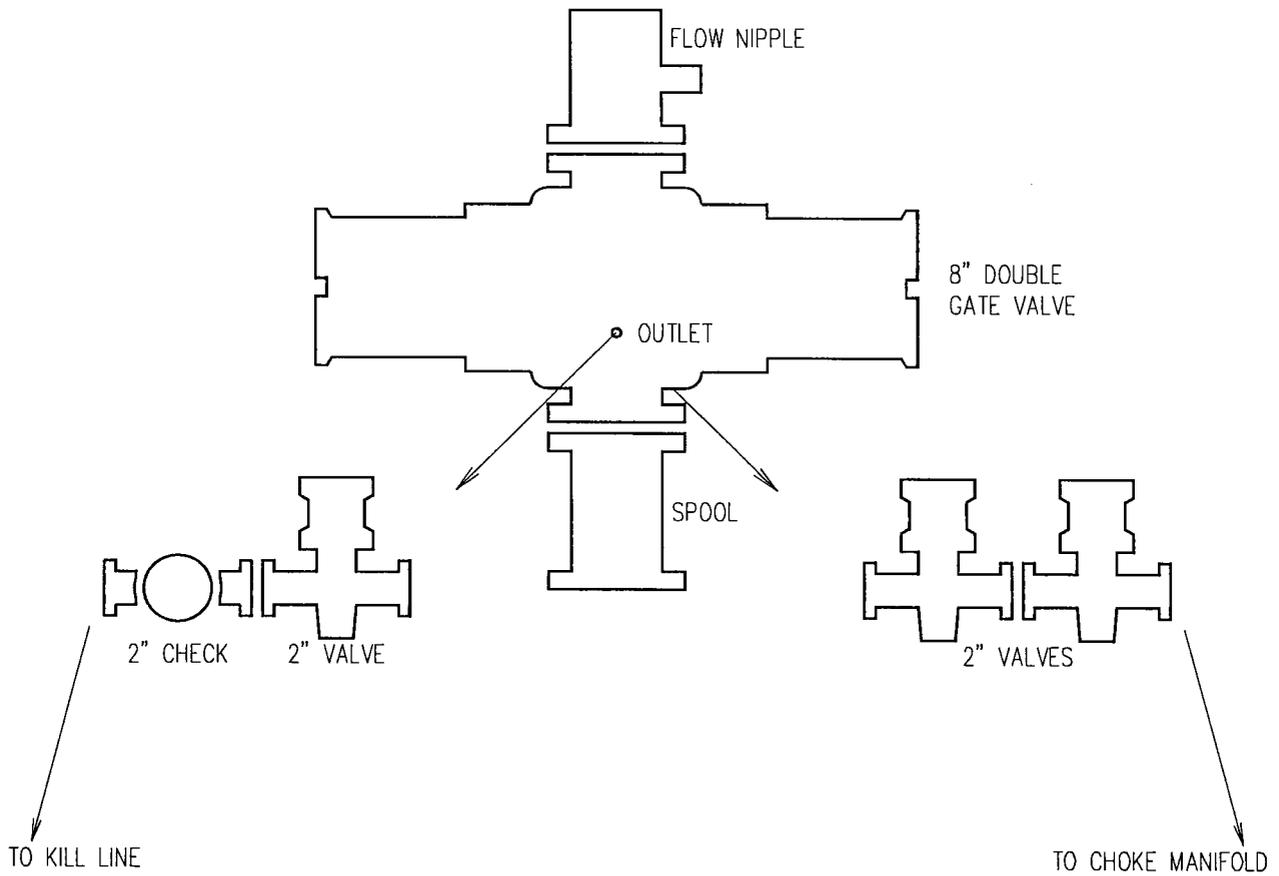
REVISIONS		
#	DATE	BY



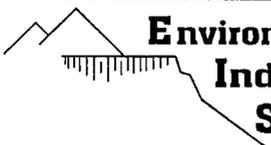
Environmental Industrial Services
Environmental & Engineering Consulting
 31 NORTH MAIN STREET
 HELPER, UTAH 84526
 (435) 472-3814

MARION ENERGY, INC.
 119 SOUTH TENNESSEE #200
 MCKINNEY, TEXAS

DRAWING NAME:	TYPICAL RIG		
DRAWN BY:	PJJ	SCALE:	NONE
APPROVED BY:	EIS	DATE:	10/17/05
		SHEET:	FIGURE 1



REVISIONS		
#	DATE	BY


Environmental Industrial Services
Environmental & Engineering Consulting
 31 NORTH MAIN STREET
 (435) 472-3814 HELPER, UTAH 84526

MARION ENERGY, INC.		
119 SOUTH TENNESSEE #200 McKINNEY, TEXAS		
DRAWING NAME:	TYPICAL RIG	
DRAWN BY:	PJJ	SCALE: NONE
APPROVED BY:	EIS	DATE: 10/17/05
		SHEET: FIGURE 2

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 04/18/2006

API NO. ASSIGNED: 43-015-30681

WELL NAME: RIDGE RUNNER 7-20
 OPERATOR: MID-POWER RESOURCE CORP (N2215)
 CONTACT: KERI CLARKE

PHONE NUMBER: 702-838-0716

PROPOSED LOCATION:

SWSW 20 140S 070E
 SURFACE: 1524 FSL 1752 FWL
 BOTTOM: 1434 FNL 1454 FEL
 COUNTY: EMERY
 LATITUDE: 39.59030 LONGITUDE: -111.1666
 UTM SURF EASTINGS: 485694 NORTHINGS: 4382091
 FIELD NAME: CLEAR CREEK (10)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
 LEASE NUMBER: U-02353
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: FRSD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

Plat

Bond: Fed[1] Ind[] Sta[] Fee[]
 (No. UTB000179)

Potash (Y/N)

Oil Shale 190-5 (B) or 190-3 or 190-13

Water Permit
 (No. PRRV)

RDCC Review (Y/N)
 (Date: _____)

Fee Surf Agreement (Y/N)

Intent to Commingle (Y/N)

LOCATION AND SITING:

 R649-2-3.

Unit: CLEAR CREEK

 R649-3-2. General
 Siting: 460 From Qtr/Qtr & 920' Between Wells

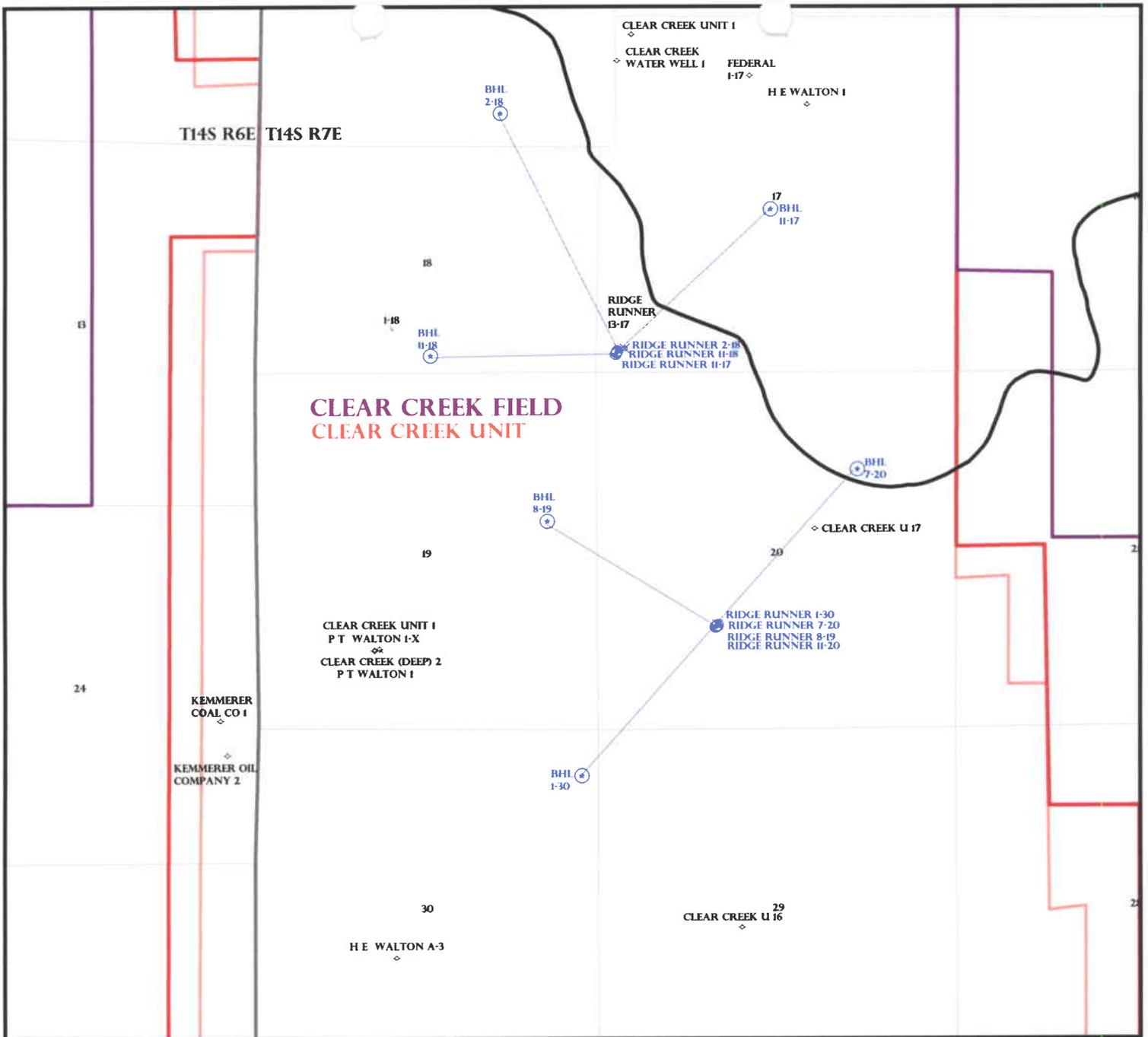
 R649-3-3. Exception

 Drilling Unit
 Board Cause No: _____
 Eff Date: _____
 Siting: _____

R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Federal Approval
2- Special Sur



OPERATOR: MID-POWER RES (N2215)

SEC: 17,20 T. 14S R. 7E

FIELD: CLEAR CREEK (10)

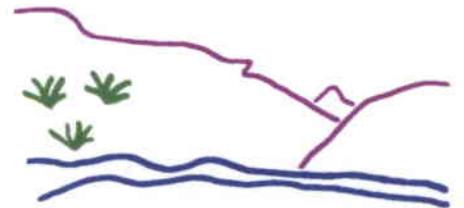
COUNTY: EMERY

SPACING: R649-3-11 / DIRECTIONAL DRILLING

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Wells Status**
- ⊕ GAS INJECTION
 - ⊕ GAS STORAGE
 - ⊕ LOCATION ABANDONED
 - ⊕ NEW LOCATION
 - ⊕ PLUGGED & ABANDONED
 - ⊕ PRODUCING GAS
 - ⊕ PRODUCING OIL
 - ⊕ SHUT-IN GAS
 - ⊕ SHUT-IN OIL
 - ⊕ TEMP. ABANDONED
 - ⊕ TEST WELL
 - ⊕ WATER INJECTION
 - ⊕ WATER SUPPLY
 - ⊕ WATER DISPOSAL
 - ⊕ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 25-APRIL-2006

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

April 25, 2006

Memorandum

To: Assistant Field Office Manager Resources,
Moab Field Office

From: Michael Coulthard, Petroleum Engineer

Subject: 2006 Plan of Development Clear Creek Unit Carbon County,
Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2006 within the Clear Unit, Carbon County, Utah.

API#	WELL NAME	LOCATION
(Proposed PZ Ferron)		
43-015-30683	Ridge Runner	2-18 Sec 17 T14S R07E 0338 FSL 0279 FWL
		BHL Sec 18 T14S R07E 0476 FNL 1524 FEL
43-015-30684	Ridge Runner	11-18 Sec 17 T14S R07E 0292 FSL 0259 FWL
		BHL Sec 18 T14S R07E 0270 FSL 2471 FEL
43-015-30685	Ridge Runner	11-17 Sec 17 T14S R07E 0315 FSL 0269 FWL
		BHL Sec 17 T14S R07E 2439 FSL 2470 FWL
43-015-30680	Ridge Runner	1-30 Sec 20 T14S R07E 1502 FSL 1719 FWL
		BHL Sec 30 T14S R07E 0707 FNL 0246 FEL
43-015-30681	Ridge Runner	7-20 Sec 20 T14S R07E 1524 FSL 1752 FWL
		BHL Sec 20 T14S R07E 1434 FNL 1454 FEL
43-015-30682	Ridge Runner	8-19 Sec 20 T14S R07E 1513 FSL 1735 FWL
		BHL Sec 19 T14S R07E 2211 FNL 0747 FEL

This office has no objection to permitting the wells at this time.



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 26, 2006

Mid-Power Resource Corporation
8290 West Sahara, #186
Las Vegas, NV 89117

Re: Ridge Runner 7-20 Well, Surface Location 1525' FSL, 1753' FWL, NE SW, Sec. 20, T. 14 South, R. 7 East, Bottom Location 1434' FNL, 1454' FEL, SW NE, Sec. 20, T. 14 South, R. 7 East, Emery County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-015-30681.

Sincerely,

Gil Hunt
Associate Director

mf
Enclosures

cc: Emery County Assessor
Bureau of Land Management, Moab District Office

Operator: Mid-Power Resource Corporation
Well Name & Number Ridge Runner 7-20
API Number: 43-015-30681
Lease: USA-U-02353

Surface Location: NE SW **Sec.** 20 **T.** 14 South **R.** 7 East
Bottom Location: SW NE **Sec.** 20 **T.** 14 South **R.** 7 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

6. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

**MID
POWER**
RESOURCE CORPORATION

43-015-30681

May 5, 2006

Utah Division of Oil Gas and Mining
ATTN: Diana Whitney
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84116

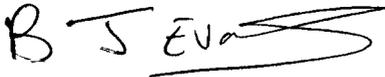
RE: Ridge Runner #11-18, #2-18, #11-17, #8-19, #1-30, #7-20
Mid-Power Resource Corp. Amendment to Surface use and Drilling Plans
Clear Creek Unit 13S-7E and 14S-7E, Carbon and Emery Counties, Utah

Dear Ms. Whitney

Per Tom Lloyd's (USDA Forest Service) request, please find enclosed copies of the amended Surface Use Plans and Drilling Plans that pertain to the above referenced wells that are to be drilled in the Clear Creek Unit located in 13S-7E and 14S-7E, Carbon and Emery Counties, Utah.. I have also included a diagram that depicts the well equipment layout of each pad site.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,



Benjamin Evans
Landman
Marion Energy Inc.
(Agent for Mid-Power Resource Corp.)

RECEIVED
MAY 10 2006

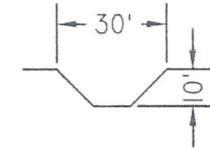
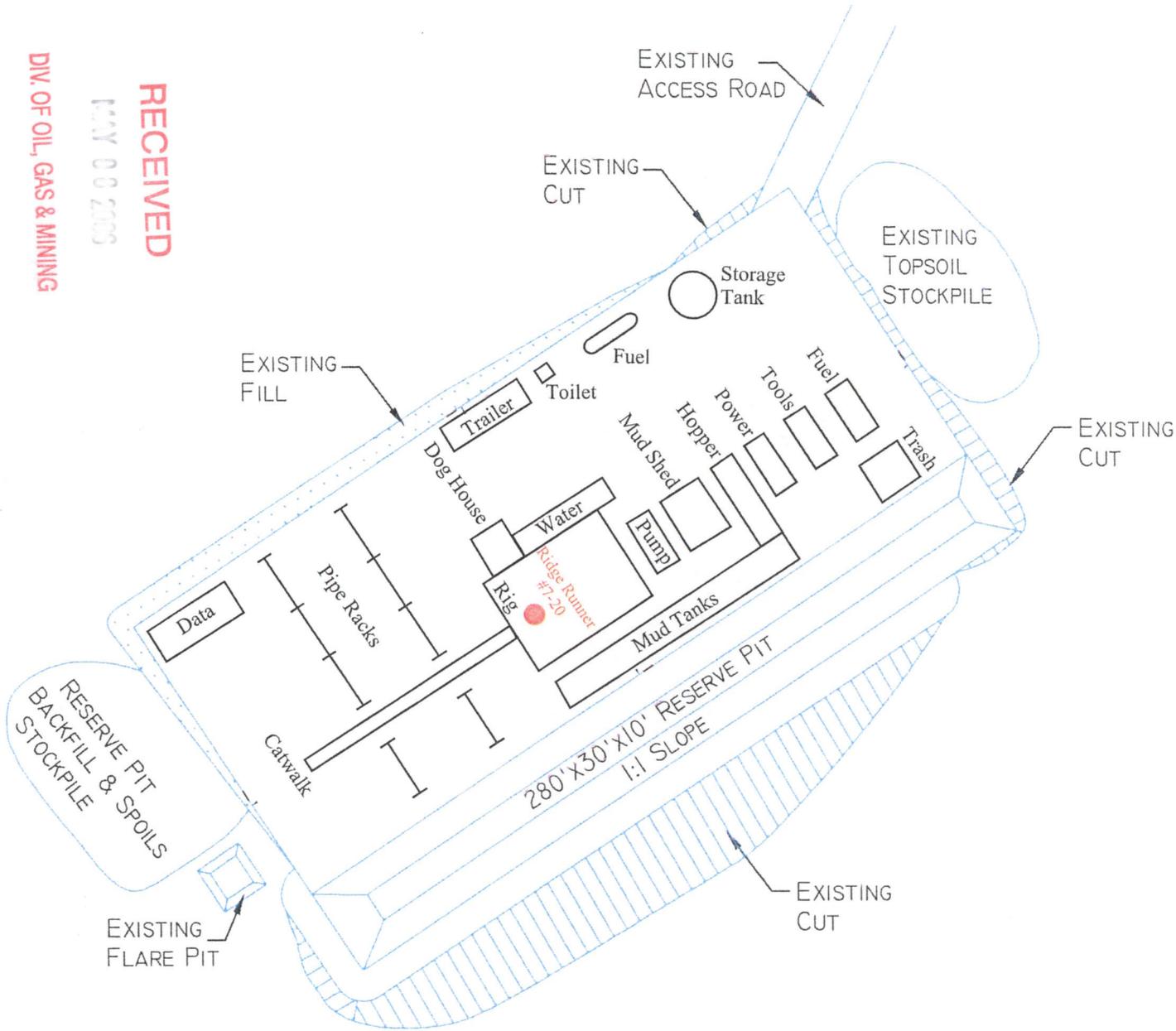
DIV. OF OIL, GAS & MINING

8290 West Sahara Avenue, Suite 186, Las Vegas, Nevada, 89117
Telephone: (702) 838-0716, Fax: (702) 838-5087

DIV. OF OIL, GAS & MINING

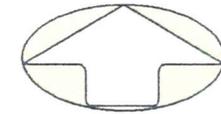
MAY 08 2003

RECEIVED



PIT SECTION

APPROXIMATE CUT = 1965 CU YDS.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@etv.net

 **Marion Energy Inc.**

**LOCATION LAYOUT
ON EXISTING WELL PAD**
Section 20, T14S, R7E, S.L.B.&M.
RIDGE RUNNER # 7-20

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-4	Date: 4/12/06
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 2395

Surface Use Plan
Mid-Power Resource Corporation
Ridge Runner #7-20

Thirteen Point Surface Use Plan

1. Existing Roads

- a. The proposed well site is located approximately 15 miles south of Scofield, Utah.
- b. Directions to the location from Scofield, Utah are as follows:

From Scofield proceed south on Highway 96 for approximately 2.8 miles. Turn west onto the Eccles Canyon Road (Highway 264) and proceed 4.1 miles. Turn left onto the Forest Service Road (#018) and proceed through a gate and then in a southeasterly direction for approximately 8 miles. Turn right onto the new access road and continue 0.1 miles to the location.
- c. For location of access roads see Maps A & B.
- d. Top map A is the vicinity map showing the access route from Scofield, Utah.
- e. Topo map B shows the proposed access road to each well. It also shows existing roads in the immediate area
- f. Improvement to the existing Forest Service Road will require upgrading as specified by the Forest Service.
- g. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- h. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.
- i. Road use permit # 0410-03-13 which expires June 1st 2006 is currently being renewed/extended. Maintenance of the access road will be conducted according to conditions outlines in the referenced road use permit.

2. Planned Access Roads

- a. The last 7.1 miles of access road will be upgraded to accommodate rig traffic. The road will have a subgrade of 14 feet with a running surface of 12 feet. Four inches of gravel will be placed on portions of the access road.
- b. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location

- a. Water wells – non
- b. Injection wells – none
- c. Producing wells – none
- d. Drilling wells – none
- e. Shut-in wells – Ridge Runner #11-20 & #13-17 (See Location Map L-1)
- f. For reference please see topo map B

4. Location of Tank Batteries and Production Facilities

- a. All permanent structures (onsite for six months or longer) constructed or installed (including pump jacks) will be painted a neutral color to blend with the surrounding environment. The proposed color for this site is Juniper Green unless otherwise stipulated by the Forest Services. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the wellpad shall be surrounded by a containment dike or sufficient capacity to contain at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. All loading lines will be placed inside the berm surrounding the tank battery
- d. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced. All buried pipelines shall be

covered to a depth of 3ft except at road crossings where they shall be covered to a depth of 4ft.

- e. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.
- f. A production facility diagram is attached showing placement of all proposed production facilities. (See survey outline A-3)
- g. Any necessary pits will be properly fenced to prevent any wildlife entry.
- h. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- i. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- j. The road will be maintained in a safe useable condition.
- k. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- l. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.

5. Location and Water Supply

- a. Any water to be used for the drilling of this well will be from the Price River Water Improvement District (an adjudicated industrial water source) and transported by a local trucking company (Nielson Construction).
- b. No water wells are to be drilled.

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.

- b. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads in the area. No special access other than for drilling operations and pipeline construction is needed.
- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.
- d. No construction materials will be removed from Federal land.
- e. All access roads crossing BLM land is shown on topo map B.

7. Methods of Handling Waste Disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined with a minimum 10mil plastic liner.
- b. The reserve pit will be constructed of sufficient size and capacity for the necessary fluids for drilling and to contain any runoff from the drill site. Pits will not be constructed within intermittent or perennial stream channels.
- c. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.
- d. The reserve pit will be constructed in undisturbed material and below the natural ground level.
- e. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling operation and the pit will be fenced during drilling and completion operations.
- f. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- g. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an

application within the time allowed will be considered an incident of noncompliance.

- h. Drill cuttings are to be contained and buried in the reserve pit.
- i. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- j. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations.
- k. The produced fluids (other than water) will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8 Ancillary Facilities

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

- a. All cut and fill slopes will be such that stability can be maintained for the life of the activity. The upper edges of all cut banks on the access roads and well pads will be rounded. Cut and fill slopes will be constructed as follows:

<u>Height of Slope</u>	<u>Slope</u>
0-5 feet	3:1
6-10 feet	2:1
Over 10 feet	1-1/2:1

- b. All fills will be free from vegetative materials and will be compacted in lifts no greater than 12 inches in thickness to a minimum of 90 percent Proctor dry density sufficient to prevent excessive settlement.
- c. The working surface of the drill site will be surfaced with crushed gravel to a depth sufficient to support anticipated loads throughout the life of the well. Usually a depth of 12 inches of gravel is anticipated.
- d. A diversion ditch having the minimum dimensions of 3 feet horizontal to 1 foot vertical (3:1 ditch), will be constructed around the site to divert surface waters from flowing onto the site. The ditch will be located at the base of the cut slope and around the toe of the fill slopes (see Drawing No. 1 – Construction Requirements of Typical Well Sites). A straw dike will be constructed in the ditch outflow to trap any sediment produced from the raw slopes. A culvert will be necessary where the access road enters the site.

- e. A berm will be constructed around the perimeter of the site to contain all precipitation, spills, and other fluids from leaving the site. The berm will be a minimum of 18 inches high, 12 inches wide at the top, and having 1-1/2:1 side slopes. The site surface will be graded to drain to the reserve pit. The drainage pattern to be constructed will be modified for each site, depending on the site specific conditions.
- f. The reserve pit will be located on the east side of the location.
- g. The stockpiled topsoil (first six inches or maximum available) will be stored along the perimeter of the location as shown on the location plat.
- h. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills. (See attached Platt A-4)
- i. The location of mud tanks, reserve pit, trash cage, pipe racks, living facilities and soil stockpiles will be shown on the Location Layout.
- j. All pits will be fenced to prevent wildlife entry.
- k. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

10. Plans for Restoration of Surface

Dry Hole

- a. Rehabilitation of the entire site will be required and will commence immediately after the drilling is complete. The site will be restored as nearly practical to its original condition. Cut and fill slopes will be reduced and graded to conform to the adjacent terrain.
- b. Drainages will be reestablished and temporary measures will be required to prevent erosion to the site until vegetation is established.
- c. Generally speaking, the standpipe for well identifications will be removed on National Forest lands. A final determination will be made on a case-by-case basis.
- d. After final grading and before the replacement of topsoil, the entire surface of the site shall be scarified to eliminate slippage surfaces and to promote root penetration. Topsoil will then be spread over the site to achieve an

approximate uniform, stable thickness consistent with the established contours.

- e. A temporary fence will be constructed around the site until vegetation is established. The fence will then be removed.
- f. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment.

Producing Location

- a. Site reclamation for producing wells will be accomplished for portions of the site not required for the continued operation of the well. All disturbed surface will be treated to prevent erosion and to complement the esthetics of the area. A new site plan will be required encompassing the facilities required for operation and interim reclamation measures.
- b. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- c. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- d. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- e. At the end of drilling operations, drilling fluids will be hauled to an approved disposal site. All polluting substances or contaminated materials, such as oil, oil-saturated soil, and gravel, will be buried within a minimum of 2 feet of clean soil as cover or be removed from the Forest.
- f. Once the reserve pit is dry, the reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours.
- g. The cut and fill slopes and all other disturbed areas not needed for the production operation will be topsoiled and re-vegetated. The berm will be removed and the site graded to drain.
- h. The site will be seeded and/or planted as prescribed by the Forest Service. This prescription will be determined prior to site construction on a site specific basis. Nutrients and soil amendments will be applied to the redistributed surface soil later as necessary to meet the re-vegetation requirements. Fall seeding will be completed after September, and prior to prolonged ground frost.

- i. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Forest Service personnel.

11. Surface Ownership

Access Roads – All roads are located within the Manti-La Sal National Forest. Portions of the access road are located on private lands.

Well Pad – The well pad is located on lands managed by the Manti-La Sal National Forest.

12. Other Information

- a. A Class III cultural resource inventory will be completed prior to disturbance by a qualified professional archaeologist.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator to:
 - i. whether the materials appear eligible for the National Register of Historic Places;
 - ii. the mitigation measures the operator will likely have to undertake before the site can be used (assuming the site preservation is not necessary); and
 - iii. a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- c. Less than 10,000 pounds of any chemical(s) from the EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) Of 1986, as defined in 40 CFR, would be used, produces, transported, stored, disposed, or associated with the proposed action.
- d. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
- e. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- f. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.h.
- g. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- h. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period.
- i. The operator or his contractor shall contact the U.S. Forest Service at 801-637-2817 48 hours prior to construction activities.

13. Lessee's or Operator's Representative and Certification

Permit Matters

Marion Energy Inc./Mid-Power Resource Corp.
Keri Clarke
119 S. Tennessee Suite 200
McKinney, TX, 75069
(972)540-2967

Drilling & Completion Matters

Marion Energy Inc./Mid-Power Resource Corp.
2901 East 20th Street
Farmington, NM, 87402

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases
Ridge Runner #7-20

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Estimated Tops/Geologic Markers

The estimated tops of important geologic markers are as follows:

<u>Name</u>	<u>TVD</u>	<u>TD</u>	<u>Production Phase</u>
Top of Emery	1900ft	1918ft	Gas
Top of Blue Gate	3200ft	3547ft	Gas
Top of Ferron	5424ft	6558ft	Gas
TD	6124ft	7505ft	

2. Estimated Depth of Oil, Gas Water and Other Mineral Bearing Zones

The estimated depths at which the top and bottom of the anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Ferron	5424'

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

All water shows and water-bearing sand will be reported to the BLM in Moab, Utah. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, samples will be submitted to the BLM along with any water analyses conducted.

3. BOP Equipment

Marion Energy Inc's minimum specifications for pressure to control equipment are as follows:

Ram Type: 11" Hydraulic double, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approve stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 60 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 40-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log. Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request. Pressure tests shall apply to all related well control equipment.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The Price River Resource Area Office shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 3000 psi working pressure blowout preventor.
 - b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
 - c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
 - d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.
4. Casing and Cementing Program
- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fractured gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported
 - b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
 - c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)

- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressured tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- m. On all exploratory wells, and on that portion of any well approved for 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

n. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-500'	14 3/4"	10 3/4"	40.5#	J-55	ST&C	New
Intermed.	0-3600'	9 7/8"	7-5/8"	26.4#	J-55	LT&C	New
Produc.	0-7500'	7 7/8"	5-1/2"	17#	J-55	LT&C	New

- o. Casing design subject to revision based on geologic conditions encountered.

- p. Please refer to DOGM Form 3 for the Cement program associated with this well.
- q. The price River Resource Area Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- r. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- s. The following reports shall be filed with the District Manager within 30 days after the work is completed.

1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:

- a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
- b. Temperature of bond logs must be submitted for each well where the casing cement was not circulated to the surface.

- t. Auxiliary equipment to be used is as follows:

1. Kelly cock
2. No bit float is deemed necessary.
3. A sub with a full opening valve.

5. Mud Program

- a. The purpose circulating mediums to be employed in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-500'	Spud Mud				
500-3600'	LSND	8.8-9.2	32-40	8-15	---

3600'-T.D. Air/Foam N/A N/A N/A ---

There will be sufficient mud on location to control a blowout should one occur.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- b. Mud monitoring equipment to be used is as follows:
 - 1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.
- c. Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing or completion operations.

6. Evaluation Program

The anticipated type of amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of the following log suites: Induction with Gamma Ray and Spontaneous Potential, Compensated Epi-Thermal

Neutron/Density with Photo Electric Caliper, and Ultrasonic Gas detector with Temperature. Logs will be run from TD back to surface pipe.

- c. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted no later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).
- d. The anticipated completion program is as follows:

Perforate Ferron w/ 3-3/8" casing gun @ 6 jspf using 23 gram charges. Break down formation with 2000 gallons of Formic acid. Fracture stimulate formation w/ 25# Cross linked x-Linked Gel and 200,000lbs of 16/30 mesh sand.

1. Anticipated Pressures and H,S

- a. The expected bottom hole pressure is 1200 psi. Low pressures are anticipated.
- b. No hydrogen sulfide gas is anticipated.

2. Other Information and Notification Requirements

- a. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date on which the well is placed on production.
- b. Production data shall be reported to the MMS pursuant to 30 CFR 216.5 using form MMS/3160.
- c. The data on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which gas is first measured through permanent metering facilities, whichever first occurs.

- d. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.
- e. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or the operator shall be required to compensate the lesser for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.
- f. A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 and Onshore Order No.3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.
- g. Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that “not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed.”

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109 (3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

- h. Drilling will commence on approximately June 30, 1996 to avoid wither operations within the forest.
- i. It is anticipated that the drilling of this well will take approximately 30 days.
- j. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be

suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

- k. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- l. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- m. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, and application for approval of the permanent disposal method, along with the required water analysis and other information must be submitted to the District Engineer.
- n. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO> A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative or the appropriate Surface Managing Agency.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: USA-U-02353	6. SURFACE: Federal
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: Clear Creek Unit	
2. NAME OF OPERATOR: Mid-Power Resource Corporation		9. WELL NAME and NUMBER: Ridge Runner # 7-20	
3. ADDRESS OF OPERATOR: 8290 W. Sahara, # 186 CITY Las Vegas STATE NV ZIP 89117		PHONE NUMBER: (702) 838-0716	10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1752.63ft FWL 1524.96ft FSL /SW/4 Section 20 14S-7E Emery County AT PROPOSED PRODUCING ZONE: 1454ft FEL 1434ft FNL /NE Section 20 14S-7E Carbon County		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 20 14S 7E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx 5 miles south of Clear Creek		12. COUNTY: Emery	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) Surface 1716ft Bottom Hole 1434ft	16. NUMBER OF ACRES IN LEASE: 2375.28	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) Surface 20ft Bottom Hole 3110ft	19. PROPOSED DEPTH: 6,150	20. BOND DESCRIPTION: See Attached Bond Document	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 9815' GR	22. APPROXIMATE DATE WORK WILL START: 7/1/2006	23. ESTIMATED DURATION: 30 dyas	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
17 1/2"	13 3/8" J-55 61#	500	Premium "G"	420 sks 1.25 cuft/sk	14.2 ppg
12 1/4"	8 5/8" J-55 36#	3,600	Lead: Prem. Lite	345 sks 3.82 cuft/sk	11 ppg
			Tail: 50/50 Poz	75 sks 1.25 cuft/sk	14.2 ppg
7 7/8	5 1/2 J-55 17	7,500	Lead: Prem. Lite	516 sks 3.82 cuft/sk	11 ppg
			Tail: 50/50 Poz	275 sks 1.25 cuft/sk	14.2 ppg

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Benjamin Evans TITLE Landman
SIGNATURE *BJ Evans* DATE 5/19/06

(This space for State use only)

API NUMBER ASSIGNED: 43-015-30681

APPROVAL:

RECEIVED
MAY 22 2006
DIV. OF OIL, GAS & MINING

Surface Use Plan
Mid-Power Resource Corporation
Ridge Runner #7-20

Thirteen Point Surface Use Plan

1. Existing Roads

- a. The proposed well site is located approximately 15 miles south of Scofield, Utah.
- b. Directions to the location from Scofield, Utah are as follows:

From Scofield proceed south on Highway 96 for approximately 2.8 miles. Turn west onto the Eccles Canyon Road (Highway 264) and proceed 4.1 miles. Turn left onto the Forest Service Road (#018) and proceed through a gate and then in a southeasterly direction for approximately 8 miles. Turn right onto the new access road and continue 0.1 miles to the location.
- c. For location of access roads see Maps A & B.
- d. Top map A is the vicinity map showing the access route from Scofield, Utah.
- e. Topo map B shows the proposed access road to each well. It also shows existing roads in the immediate area
- f. Improvement to the existing Forest Service Road will require upgrading as specified by the Forest Service.
- g. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- h. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.
- i. Road use permit # 0410-03-13 which expires June 1st 2006 is currently being renewed/extended. Maintenance of the access road will be conducted according to conditions outlines in the referenced road use permit.

2. Planned Access Roads

- a. The last 7.1 miles of access road will be upgraded to accommodate rig traffic. The road will have a subgrade of 14 feet with a running surface of 12 feet. Four inches of gravel will be placed on portions of the access road.
- b. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location

- a. Water wells – non
- b. Injection wells – none
- c. Producing wells – none
- d. Drilling wells – none
- e. Shut-in wells – Ridge Runner #11-20 & #13-17 (See Location Map L-1)
- f. For reference please see topo map B

4. Location of Tank Batteries and Production Facilities

- a. All permanent structures (onsite for six months or longer) constructed or installed (including pump jacks) will be painted a neutral color to blend with the surrounding environment. The proposed color for this site is Juniper Green unless otherwise stipulated by the Forest Services. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the wellpad shall be surrounded by a containment dike or sufficient capacity to contain at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. All loading lines will be placed inside the berm surrounding the tank battery
- d. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced. All buried pipelines shall be

covered to a depth of 3ft except at road crossings where they shall be covered to a depth of 4ft.

- e. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.
- f. A production facility diagram is attached showing placement of all proposed production facilities. (See survey outline A-3)
- g. Any necessary pits will be properly fenced to prevent any wildlife entry.
- h. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- i. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- j. The road will be maintained in a safe useable condition.
- k. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- l. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.

5. Location and Water Supply

- a. Any water to be used for the drilling of this well will be from the Price River Water Improvement District (an adjudicated industrial water source) and transported by a local trucking company (Nielson Construction).
- b. No water wells are to be drilled.

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.

- b. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads in the area. No special access other than for drilling operations and pipeline construction is needed.
- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.
- d. No construction materials will be removed from Federal land.
- e. All access roads crossing BLM land is shown on topo map B.

7. Methods of Handling Waste Disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined with a minimum 10mil plastic liner.
- b. The reserve pit will be constructed of sufficient size and capacity for the necessary fluids for drilling and to contain any runoff from the drill site. Pits will not be constructed within intermittent or perennial stream channels.
- c. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.
- d. The reserve pit will be constructed in undisturbed material and below the natural ground level.
- e. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling operation and the pit will be fenced during drilling and completion operations.
- f. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- g. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an

application within the time allowed will be considered an incident of noncompliance.

- h. Drill cuttings are to be contained and buried in the reserve pit.
- i. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- j. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations.
- k. The produced fluids (other than water) will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8 Ancillary Facilities

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

- a. All cut and fill slopes will be such that stability can be maintained for the life of the activity. The upper edges of all cut banks on the access roads and well pads will be rounded. Cut and fill slopes will be constructed as follows:

<u>Height of Slope</u>	<u>Slope</u>
0-5 feet	3:1
6-10 feet	2:1
Over 10 feet	1-1/2:1

- b. All fills will be free from vegetative materials and will be compacted in lifts no greater than 12 inches in thickness to a minimum of 90 percent Proctor dry density sufficient to prevent excessive settlement.
- c. The working surface of the drill site will be surfaced with crushed gravel to a depth sufficient to support anticipated loads throughout the life of the well. Usually a depth of 12 inches of gravel is anticipated.
- d. A diversion ditch having the minimum dimensions of 3 feet horizontal to 1 foot vertical (3:1 ditch), will be constructed around the site to divert surface waters from flowing onto the site. The ditch will be located at the base of the cut slope and around the toe of the fill slopes (see Drawing No. 1 – Construction Requirements of Typical Well Sites). A straw dike will be constructed in the ditch outflow to trap any sediment produced from the raw slopes. A culvert will be necessary where the access road enters the site.

- e. A berm will be constructed around the perimeter of the site to contain all precipitation, spills, and other fluids from leaving the site. The berm will be a minimum of 18 inches high, 12 inches wide at the top, and having 1-1/2:1 side slopes. The site surface will be graded to drain to the reserve pit. The drainage pattern to be constructed will be modified for each site, depending on the site specific conditions.
- f. The reserve pit will be located on the east side of the location.
- g. The stockpiled topsoil (first six inches or maximum available) will be stored along the perimeter of the location as shown on the location platt.
- h. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills. (See attached Platt A-4)
- i. The location of mud tanks, reserve pit, trash cage, pipe racks, living facilities and soil stockpiles will be shown on the Location Layout.
- j. All pits will be fenced to prevent wildlife entry.
- k. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

10. Plans for Restoration of Surface

Dry Hole

- a. Rehabilitation of the entire site will be required and will commence immediately after the drilling is complete. The site will be restored as nearly practical to its original condition. Cut and fill slopes will be reduced and graded to conform to the adjacent terrain.
- b. Drainages will be reestablished and temporary measures will be required to prevent erosion to the site until vegetation is established.
- c. Generally speaking, the standpipe for well identifications will be removed on National Forest lands. A final determination will be made on a case-by-case basis.
- d. After final grading and before the replacement of topsoil, the entire surface of the site shall be scarified to eliminate slippage surfaces and to promote root penetration. Topsoil will then be spread over the site to achieve an

approximate uniform, stable thickness consistent with the established contours.

- e. A temporary fence will be constructed around the site until vegetation is established. The fence will then be removed.
- f. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment.

Producing Location

- a. Site reclamation for producing wells will be accomplished for portions of the site not required for the continued operation of the well. All disturbed surface will be treated to prevent erosion and to complement the esthetics of the area. A new site plan will be required encompassing the facilities required for operation and interim reclamation measures.
- b. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- c. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- d. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- e. At the end of drilling operations, drilling fluids will be hauled to an approved disposal site. All polluting substances or contaminated materials, such as oil, oil-saturated soil, and gravel, will be buried within a minimum of 2 feet of clean soil as cover or be removed from the Forest.
- f. Once the reserve pit is dry, the reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours.
- g. The cut and fill slopes and all other disturbed areas not needed for the production operation will be topsoiled and re-vegetated. The berm will be removed and the site graded to drain.
- h. The site will be seeded and/or planted as prescribed by the Forest Service. This prescription will be determined prior to site construction on a site specific basis. Nutrients and soil amendments will be applied to the redistributed surface soil later as necessary to meet the re-vegetation requirements. Fall seeding will be completed after September, and prior to prolonged ground frost.

- i. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Forest Service personnel.

11. Surface Ownership

Access Roads – All roads are located within the Manti-La Sal National Forest. Portions of the access road are located on private lands.

Well Pad – The well pad is located on lands managed by the Manti-La Sal National Forest.

12. Other Information

- a. A Class III cultural resource inventory will be completed prior to disturbance by a qualified professional archaeologist.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator to:
 - i. whether the materials appear eligible for the National Register of Historic Places;
 - ii. the mitigation measures the operator will likely have to undertake before the site can be used (assuming the site preservation is not necessary); and
 - iii. a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- c. Less than 10,000 pounds of any chemical(s) from the EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, as defined in 40 CFR, would be used, produces, transported, stored, disposed, or associated with the proposed action.
- d. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
- e. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- f. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.h.
- g. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- h. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period.
- i. The operator or his contractor shall contact the U.S. Forest Service at 801-637-2817 48 hours prior to construction activities.

13. Lessee's or Operator's Representative and Certification

Permit Matters

Marion Energy Inc./Mid-Power Resource Corp.

Keri Clarke

119 S. Tennessee Suite 200

McKinney, TX, 75069

(972)540-2967

Drilling & Completion Matters

Marion Energy Inc./Mid-Power Resource Corp.

2901 East 20th Street

Farmington, NM, 87402

Doug Endsley – V P Operations
(505)564-8005

Certification

I hereby certify that I, or Persons under my direct supervision, have inspected the proposed drill site and access rout; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Marion Energy Inc. and it's contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provisions of 18.U.S.C. 1001 for the filing of a false statement.

5/10/06
Date

B J
Name

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases
Ridge Runner #7-20

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Estimated Tops/Geologic Markers

The estimated tops of important geologic markers are as follows:

<u>Name</u>	<u>TVD</u>	<u>TD</u>	<u>Production Phase</u>
Top of Emery	1900ft	1918ft	Gas
Top of Blue Gate	3200ft	3547ft	Gas
Top of Ferron	5424ft	6558ft	Gas
TD	6124ft	7505ft	

2. Estimated Depth of Oil, Gas Water and Other Mineral Bearing Zones

The estimated depths at which the top and bottom of the anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Ferron	5424'

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

All water shows and water-bearing sand will be reported to the BLM in Moab, Utah. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, samples will be submitted to the BLM along with any water analyses conducted.

3. BOP Equipment

Marion Energy Inc's minimum specifications for pressure to control equipment are as follows:

Ram Type: 11" Hydraulic double, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approve stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 60 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 40-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., and individual components shall be operable and designed. Chart recorders shall be used for all pressure tests.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log. Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request. Pressure tests shall apply to all related well control equipment.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The Price River Resource Area Office shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 3000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. Casing and Cementing Program

- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fractured gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported
- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)

- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressured tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- m. On all exploratory wells, and on that portion of any well approved for 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

n. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-500'	17 1/2"	13 3/8"	61#	J-55	ST&C	New
Intermed.	0-3600'	12 1/4"	8-5/8"	36#	J-55	LT&C	New
Produc.	0-7500'	7 7/8"	5-1/2"	17#	J-55	LT&C	New

o. Casing design subject to revision based on geologic conditions encountered.

- p. Please refer to DOGM Form 3 for the Cement program associated with this well.
- q. The price River Resource Area Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- r. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- s. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature of bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- t. Auxiliary equipment to be used is as follows:
 - 1. Kelly cock
 - 2. No bit float is deemed necessary.
 - 3. A sub with a full opening valve.

5. Mud Program

- a. The purpose circulating mediums to be employed in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-500'	Spud Mud				
500-3600'	LSND	8.8-9.2	32-40	8-15	---

3600'-T.D. Air/Foam N/A N/A N/A ---

There will be sufficient mud on location to control a blowout should one occur.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- b. Mud monitoring equipment to be used is as follows:
 - 1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.
- c. Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing or completion operations.

6. Evaluation Program

The anticipated type of amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of the following log suites: Induction with Gamma Ray and Spontaneous Potential, Compensated Epi-Thermal

Neutron/Density with Photo Electric Caliper, and Ultrasonic Gas detector with Temperature. Logs will be run from TD back to surface pipe.

- c. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted no later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).
- d. The anticipated completion program is as follows:

Perforate Ferron w/ 3-3/8" casing gun @ 6 jspf using 23 gram charges. Break down formation with 2000 gallons of Formic acid. Fracture stimulate formation w/ 25# Cross linked x-Linked Gel and 200,000lbs of 16/30 mesh sand.

1. Anticipated Pressures and H₂S

- a. The expected bottom hole pressure is 1200 psi. Low pressures are anticipated.
- b. No hydrogen sulfide gas is anticipated.

2. Other Information and Notification Requirements

- a. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date on which the well is placed on production.
- b. Production data shall be reported to the MMS pursuant to 30 CFR 216.5 using form MMS/3160.
- c. The data on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which gas is first measured through permanent metering facilities, whichever first occurs.

- d. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.
- e. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or the operator shall be required to compensate the lesser for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.
- f. A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 and Onshore Order No.3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.
- g. Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that “not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed.”

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109 (3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

- h. Drilling will commence on approximately June 30, 1996 to avoid wither operations within the forest.
- i. It is anticipated that the drilling of this well will take approximately 30 days.
- j. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be

suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

- k. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- l. If a replacement rig is contemplated for completion operations, a “Sundry Notice” Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- m. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, and application for approval of the permanent disposal method, along with the required water analysis and other information must be submitted to the District Engineer.
- n. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO> A “Subsequent Report of Abandonment” Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative or the appropriate Surface Managing Agency.

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 5/9/2006 BIA n/a

8. **Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet

9. **Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 5/18/2006
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 5/18/2006
3. Bond information entered in RBDMS on: 5/18/2006
4. Fee/State wells attached to bond in RBDMS on: 5/18/2006
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: 5/9/2006

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000179

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

FEE & STATE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number n/a
2. The **FORMER** operator has requested a release of liability from their bond on: _____
The Division sent response by letter on: n/a

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: _____

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-063018X
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
2. NAME OF OPERATOR: Marion Energy Inc. (N2740)		8. WELL NAME and NUMBER: See Attachment "A"
3. ADDRESS OF OPERATOR: 119 S Tennessee Ste #200 CITY McKinney STATE TX ZIP 75069		9. API NUMBER:
4. LOCATION OF WELL FOOTAGES AT SURFACE: N/A QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: N/A		10. FIELD AND POOL, OR WILDCAT: Clear Creek Federal unit COUNTY: Carbon and Emery STATE: UTAH
5. PHONE NUMBER: (972) 540-2967		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Marion Energy Inc. will take over operation of the Clear Creek Federal Unit which is currently operated by Mid-Power Resource Corporation, and is located in both Carbon and Emery Counties Utah.

N2215

Please See attachment "A" for well Names, API numbers, and legal descriptions

BLM Bond = UTB000179
Special Bond = B002775
State + Fee Bond = B001617
Effective 4/28/2006

NAME (PLEASE PRINT) <u>Keri Clarke</u>	TITLE <u>Vice President Land (Marion Energy Inc)</u>
SIGNATURE	DATE <u>5/4/06</u>

(This space for State use only)

APPROVED 5/18/06
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(5/2000)

(See Instructions on Reverse Side)

DIV. OF OIL, GAS & MINING
RECEIVED

**Attachment A
Marion Energy Inc.**

**Clear Creek Unit
Carbon and Emery Counties, Utah**

Wells

<u>Well Name</u>	<u>API Number</u>	<u>Status</u>	<u>Section Township Range</u>
Utah Fuel No. 1	43-007-16009-00-00	Shut-in	S. 5 T14S R7E
Utah Fuel No. 2	43-007-16010-00-00	Shut-in	S. 32 T13S R7E
Utah Fuel No. 3	43-007-16011-00-00	Shut-in	S. 32 T13S R7E
Utah Fuel No. 4	43-007-16012-00-00	Shut-in	S. 30 T13S R7E
Utah Fuel No. 5	43-007-16013-00-00	Plugged and Abandoned	S. 31 T13S R7E
Utah Fuel No. 8	43-007-16015-00-00	Shut-in	S. 19 T13S R7E
Utah Fuel No. 10	43-007-16016-00-00	Shut-in	S. 5 T14S R7E
Utah State M.L. 1256-1	43-007-30102-00-00	Shut-in	S. 29 T13S 7E
Oman 2-20	43-007-30289-00-00	Shut-in	S. 20 T13S R7E
Utah Fuel A-1	43-015-16021-00-00	Plugged and Abandoned	S. 6 T14S R7E
Alpine School District #6-17	43-007-31181-00-00	Permit not yet Approved	S. 17 T13S R7E
Alpine School District #3-17	43-007-31182-00-00	Permit not yet Approved	S. 17 T13S R7E
Ridge Runner 11-20	43-015-30271-00-00	Shut-in	S. 20 T14S R7E
Ridge Runner 13-17	43-015-30269-00-00	Shut-in	S. 17 T14S R7E
Ridge Runner #1-30	43-015-30680-00-00	Approved APD (NYS)*	S. 20 T14S R7E
Ridge Runner #7-20	43-015-30681-00-00	Approved APD (NYS)*	S. 20 T14S R7E
Ridge Runner #8-19	43-015-30682-00-00	Approved APD (NYS)*	S. 20 T14S R7E
Ridge Runner #2-18	43-015-30683-00-00	Approved APD (NYS)*	S. 17 T14S R7E
Ridge Runner #11-18	43-015-30684-00-00	Approved APD (NYS)*	S. 17 T14S R7E
Ridge Runner #11-17	43-015-30685-00-00	Approved APD (NYS)*	S. 17 T14S R7E

* Not Yet Spudded

Plugged Wells or Abandoned Well Sites in area (noted but not changed)

Clear Creek 1	43-007-20068-00-00	Plugged and Abandoned	S. 17 T14S R7E
Clear Creek Unit No. 16	43-015-16018-00-00	Plugged and Abandoned	S. 29 T14S R7E
Clear Creek Unit No. 17	43-015-30053-00-00	Plugged and Abandoned	S. 20 T14S R7E
G W Deck A-1	43-007-16008-00-00	Plugged and Abandoned	S. 8 T14S R7E
Gov't 1-17	43-007-11179-00-00	Plugged and Abandoned	S.17 T14S R7E
Kearns A-1	43-015-11217-00-00	Plugged and Abandoned	S. 32 T14S R7E
Kemmerer Coal 1	43-015-10897-00-00	Plugged and Abandoned	S. 24 T14S R6E
Kemmerer Coal 2	43-015-10304-00-00	Plugged and Abandoned	S. 24 T14S R6E
C. K. Steiner A-1	43-015-10306-00-00	Plugged and Abandoned	S. 5 T15S R7E
Utah Fuel No. 7	43-007-16014-00-00	Plugged and Abandoned	S. 17 T13S R7E
H. E. Walton No. 1	43-007-16017-00-00	Plugged and Abandoned	S. 17 T14S R7E
H.E. Walton A-3	43-015-16023-00-00	Plugged and Abandoned	S. 30 T14S R7E
P. T. Walton No. 1-X	43-015-16024-00-00	Plugged and Abandoned	S. 19 T14S R7E
Clear Creek Water Well 1	43-007-20119-00-00	Plugged and Abandoned	S. 17 T14S R7E
Deck 1	43-007-20356-00-00	Location Abandoned	S. 8 T14S R7E
Clear Creek U 18	43-007-30043-00-00	Location Abandoned	S. 20 T13S R7E
1-18	43-015-20300-00-00	Location Abandoned	S. 18 T14S R7E
P.T. Walton 1	43-015-20302-00-00	Plugged and Abandoned	S. 19 T14S R7E
Clear Creek Unit 1	43-015-30090-00-00	Plugged and Abandoned	S. 19 T14S R7E
Clear Creek (Deep) 2	43-015-30307-00-00	Location Abandoned	S. 19 T14S R7E

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU-063018X

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT OR CA AGREEMENT NAME:
CLEAR CREEK UNIT

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:
CLEAR CREEK FEDERAL UNIT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
Mid-Power Resource Corporation

3. ADDRESS OF OPERATOR: # 8290 W. SAHARA AVE, 186 CITY LAS VEGAS STATE NV ZIP 89117 PHONE NUMBER: (702) 838-0714

4. LOCATION OF WELL FOOTAGES AT SURFACE: NA COUNTY: CARBON AND EMERY

QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NA STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
Mid-Power Resource Corporation, the designated operator of the unit, resigns as unit operator, effective upon the approval of the successor unit operator, MARION ENERGY INC. Mid-Power Resource Acknowledges AND Approves this change.

Please refer to ALL Documents submitted by MARION ENERGY AS successor unit operator AND ON BEHALF of Mid-Power Resource regarding this change.

NAME (PLEASE PRINT) SUSAN TAMBOLO TITLE Company Representative

SIGNATURE Susan Tamboli DATE May 9, 2006

(This space for State use only)

APPROVED 5/18/06

(5/2000) Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED
MAY 12 2006
DIV. OF OIL, GAS & MINING



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155



IN REPLY REFER TO
3180
UT-922

May 9, 2006

Marion Energy Inc.
119 South Tennessee, Suite 200
McKinney, Texas 75069

Re: Clear Creek Unit
Carbon & Emery Counties, Utah

Gentlemen:

On May 8, 2006, we received an indenture dated April 28, 2006, whereby Mid-Power Resource Corporation resigned as Unit Operator and Marion Energy Inc. was designated as Successor Unit Operator for the Clear Creek Unit, Carbon & Emery Counties, Utah.

This indenture was executed by all required parties and the signatory parties have complied with Sections 5 and 6 of the unit agreement. The instrument is hereby approved effective May 9, 2006. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under the Clear Creek Unit Agreement.

Your Utah statewide oil and gas bond No. UTB000179 will be used to cover all federal operations within the Clear Creek Unit.

It is requested that you notify all interested parties of the change in unit operator. Copies of the approved instruments are being distributed to the appropriate federal offices, with one copy returned herewith.

Sincerely,

/s/ James A. Fouts

for Douglas F. Cook
Chief, Branch of Fluid Minerals

Enclosure

bcc: Field Manager - Moab (w/enclosure)
SITLA
Division of Oil, Gas & Mining
File - Clear Creek Unit (w/enclosure)
Agr. Sec. Chron
Reading File
Central Files

RECEIVED
MAY 11 2006

UT922:TAThompson:tt:5/9/06

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

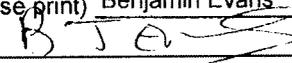
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Ridge Runner # 7-20
API number:	4301530681
Location:	Qtr-Qtr NESW Section 20 Township 14S Range 7E
Company that filed original application:	Mid-Power Resource Corporation
Date original permit was issued:	04/26/2006
Company that permit was issued to:	Mid-Power Resource Corporation

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		✓
<input type="checkbox"/> If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		✓
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		✓
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		✓
Has the approved source of water for drilling changed?		✓
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		✓
Is bonding still in place, which covers this proposed well? Bond No. <u>B001617</u>	✓	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Benjamin Evans Title Landman
 Signature  Date 05/09/2006
 Representing (company name) Marion Energy Inc.

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

RECEIVED

MAY 09 2006

DIVISION OF OIL, GAS AND MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED
FORM APPROVED OFFICE
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No. **17 P 2:07**
USA-U-02353

6. If Indian, Allottee or Tribe Name

1a. Type of work: DRILL REENTER

7. If Unit or CA Agreement, Name and No.
Clear Creek Unit

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

8. Lease Name and Well No.
Ridge Runner #7-20

2. Name of Operator
Mid-Power Resource Corporation Marion Energy Inc.

9. API Well No.
4301530681

3a. Address **8290 W. Sahara #186 119 S. Tennessee**
Las Vegas, NV 89117 McKinney TX 75069

3b. Phone No. (include area code)
(702)838-0716 972-540-2907

10. Field and Pool, or Exploratory
Exploratory

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface **1752.63ft FWL 1524.96ft FSL /SW/4 Section 20 14s-7E Emery County**
At proposed prod. zone **1090ft FEL 1010 FNL /NE/4 Section 20 14S-7E Carbon County (Btm Hole)**

11. Sec., T. R. M. or Blk. and Survey or Area
NESW 20 14S 7E

14. Distance in miles and direction from nearest town or post office*
Approx 5 miles South West of Clear Creek and approx 10 miles South of Scofield

12. County or Parish
Emery

13. State
UT

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
Surface 1752.63ft
Bottom Hole 1010ft

16. No. of acres in lease
2375.28

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
Surface 20ft BH 3110'

19. Proposed Depth
6,150 ft

20. BLM/BIA Bond No. on file
See attached Bond Document UTKB00179

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
9815' GR

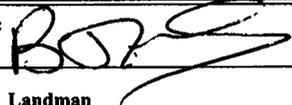
22. Approximate date work will start*
07/15/2006

23. Estimated duration
30 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification
- 6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature 
Title **Landman**

Name (Printed/Typed)
Benjamin Evans

Date
07/14/2006

Approved by (Signature)
Title **Assistant Field Manager,
Division of Resources**

Name (Printed/Typed)
Office **Division of Resources
Moab Field Office**

Date
11/14/06

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

NOV 17 2006

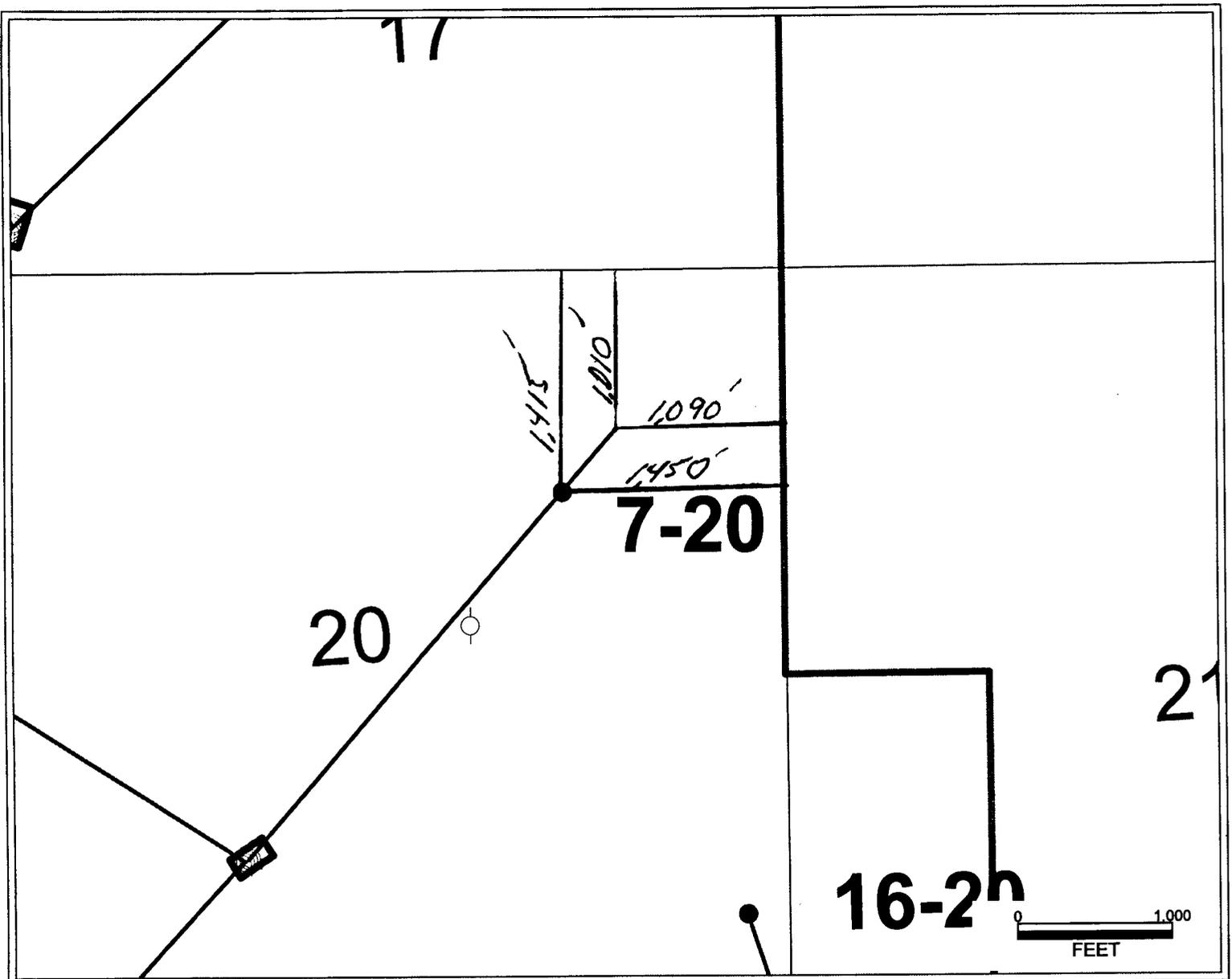
DIV. OF OIL, GAS & MINING

Ridge Runner #7-20
Footage Calls

Surface: 1752.63ft FWL 1524.96ft FSL /SW/4 Section 20 14S-7E
Emery County

Ferron Point of Penetration: 1450ft FEL 1415ft FNL /NE/4 Section 20 14S-7E Carbon
County

Terminus (Bottom Hole): 1090ft FEL 1010 FNL /NE/4 Section 20 14S-7E Carbon
County



Marion Energy, Inc.

Ridge Runner No. 7-20

Clear Creek Unit

Lease, Surface: UTU-02353

Bottom-hole: UTU-02353

Location, Surface: NE/SW Sec. 20, T14S, R7E

Top of Ferron: SW/NE Sec. 20, T14S, R7E

Bottom-hole: NE/NE Sec. 20, T14S, R7E

(Located on the existing Ridge Runner #11-20 well pad with proposed wells #8-19 and #1-30)
Carbon County, Utah

A COMPLETE COPY OF THIS APPROVED PERMIT and Conditions of Approval shall be maintained on location during all construction and drilling operations, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Marion Energy, Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **UTB000179** (Principal – Marion Energy, Inc.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. Deviation from the approved plan is not allowed. The operator is fully responsible for the actions of his subcontractors.

Failure to comply with the provisions of this permit, including applicable regulations, stipulations, and/or approval conditions, will be considered a violation subject to the enforcement provisions of 43 CFR Subpart 3163.

If at any time the facilities located on National Forest lands authorized by the terms of the lease are no longer included in the lease (due to a contraction on the unit or other lease or unit boundary change), the US Forest Service (USFS) will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation determined by the USFS.

A. DRILLING PROGRAM

1. The proposed 3M BOP system is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGGM) is required before conducting any surface disturbing activities.
3. Surface casing shall be cemented to surface.
4. Drilling reports, which describe the activities of each day, shall be submitted to the BLM Moab Field Office on a weekly, or more frequent, basis. In addition to a daily summary of activities, drilling reports shall include the drilling fluid weight, details of casing and cement, water flows, lost circulation zones and any other information that would contribute to our understanding of drilling conditions.
5. The intermediate casing shall be cemented into place such that the top-of-cement extends a minimum of 100 feet into the surface casing, leaving no annular space exposed to open-hole above the intermediate casing shoe. The top-of-cement shall be verified by a cement bond log (CBL), temperature survey or other appropriate tool for determining top-of-cement, unless cement is circulated to surface.
6. If logging reveals that the cementing objectives were not met, remedial cementing will be required.
7. The requirements for air drilling, found in Onshore Oil and Gas Order No. 2, part III, E (Special Drilling Operations), shall be followed. This section requires, at a minimum, the use of the following equipment:
 - Rotating Head
 - Spark arresters
 - Blooie line discharge 100 feet from wellbore
 - Straight blooie line
 - Deduster equipment
 - Float valve above bit
 - Automatic igniter on the blooie line
8. A directional survey shall be submitted within 30-days of reaching total depth of the well.

B. SURFACE

1. The Forest must be notified 48 hours in advance that heavy equipment will be moved onto National Forest System lands and that surface disturbing activities will commence.
2. The Forest Service must be notified of any proposed alterations to the plan of operations. Any changes to the existing plan are subject to Forest Service review and approval.
3. The licensee/permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of the Interior, (2) uses of all existing improvements, such as Forest Development Roads, within and outside the area licensed, permitted or leased by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by a permit/operating plan approved by the Secretary of the Interior.
4. All merchantable timber removed or destroyed by construction or other project related activities will be purchased by the operator at fair market value. The Forest Service will conduct a timber cruise and appraisal after the final clearing limits have been staked. Slash burning will be conducted only at locations approved by the Forest Service under authorization or a burning permit. Burning of garbage and debris is prohibited.
5. All accidents or mishaps resulting in resource damage and/or serious personal injury must be reported to the Forest Service as soon as possible.
6. Section corners, survey markers and claim corners in the project area must be located and flagged by the operator prior to operations. The removal or disturbance of identified markers must be approved by the proper authority.
7. All surface-disturbing activities, including reclamation, must be supervised by a qualified, responsible official or representative of the designated operator who is aware of the terms and conditions of the APD/SUPO and specifications in the approved plans.
8. In the event of a discovery, a revised surface-use plan must be submitted to the Forest Service showing all needed production facilities. Production facilities will be subject to further environmental analyses and approval by the Forest Service.
9. Establishment of campsites on the pad or at other locations on National Forest System lands by the operator or his contractors is subject to Forest Service approval.
10. Fire suppression equipment must be available to all personnel working at the project site. Equipment must include at least one hand tool per crew member consisting of shovels and pulaskis and one properly rated fire extinguisher per vehicle and/or internal combustion engine.
11. All gasoline, diesel, and steam-powered equipment must be equipped with an

effective spark arrester or muffler. Spark arresters must meet Forest Service specifications discussed in the "General Purpose and Locomotive (GP/L) Spark Arrester Guide, Volume 1, April, 1988"; and "Multi-position Small Engine (MSE) Spark Arrester Guide, April, 1989". In addition, all electrical equipment must be properly insulated to prevent sparks.

12. Anschutz will be held responsible for damage and suppression costs for fires started as a result of operations. Fires must be reported to the Forest Service as soon as possible.
13. The Forest Service reserves the right to suspend operations during periods of high fire potential.
14. The Memorandum of Understanding with the State of Utah Air Conservation Committee will be implemented. This will assure project implementation activities meet the State and Federal Air quality standards.
15. Reclamation recontouring and reseeding of disturbed areas will be performed as soon as practicable (within the same drilling season).
16. Seeding will be performed using the certified seed mix listed below. The seed mixture must meet or exceed the pure live seed standards of the Utah Seed Law containing a maximum allowable weed content of less than 2 percent with no noxious weed species.

Species	Pounds/Acre
Mountain Brome - <i>Bromus carinatus</i>	2
Intermediate Wheatgrass - <i>Agropyron intermedium</i>	2
Orchard Grass - <i>Dactylis glomerata</i>	2
Perennial Ryegrass - <i>Lolium perenne</i>	2
Timothy - <i>Phleum pratense</i>	2
Yellow Sweet Clover - <i>Melilotus officinalis</i>	1
Cicer Milkvetch - <i>Astragalue citer</i>	1/4
TOTAL	10 1/4

17. Revegetation will be considered successful when 90% of the pre-disturbance ground cover is re-established over the entire disturbed area. Adjacent undisturbed areas will be used as a base for comparison. Of the vegetative ground cover, at least 90% must consist of seeded or other desirable species. 90% ground cover must be maintained for three years. If the desired ground cover is not established at the end of each 3 year period, an analysis of why the area has not recovered will be performed by the operator and additional treatment and seeding will be required based on the results of the analysis.
18. An erosion and sediment control plan will be prepared as prescribed in the Soil and Water conservation practices Handbook. During operations the operator shall maintain seasonal erosion control structures.
19. All Topsoil must be stripped from areas to be disturbed and stockpiled for reclamation in such a way as to prevent soil loss and contamination.
20. Following completion of the project, the pad and project area must be

recontoured to blend naturally with the surrounding area. Gravel will be salvaged and stockpiled in an area approved by the Forest Service.

21. The reserve pit must be dry before it is backfilled and reclaimed. Methods for drying the pit, other than natural evaporation, are subject to prior Forest Service approval.
22. The pad area must be fenced (let-down fence) and the project road must be adequately closed off to prevent continued use until the required reclamation standards are successfully achieved.
23. Livestock may be temporarily excluded from disturbed areas through fencing or other appropriate measures in critical sections.
24. The operator is responsible for maintenance of reclamation facilities such as fences, barricades and temporary drainage structures until the desired reclaimed conditions are achieved.
25. The operator shall submit for approval, a maintenance plan for the site, the project road and that portion of any Forest Development Road to be used for project access. A road-use permit must be obtained from the Forest Service authorizing commercial use of Forest Development Roads. Requirements listed in the road-use permit must be followed. In the event of a discovery, an updated maintenance plan will be required.
26. The pad and road designs must be consistent with Forest Service specifications as outlined in the Region 4 Oil and Gas Rooding Guidelines (Attachment 1) and the Manti-La Sal National Forest Oil and Gas Well Site Guidelines (Attachment 2) and are subject to Forest Service approval. No construction operations may begin prior to approval. Any modifications to approved plans are also subject to review and approval.
27. All vehicle traffic will stay on existing roads and new access routes. Unauthorized off-road vehicular travel is prohibited.
28. A pre-construction meeting including the responsible company representative(s), contractors, and the Forest Service must be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road work must be construction-staked prior to this meeting. Site-specific requirements will be discussed at this time.
29. The operator must acquire appropriate permission to use roads not identified as Forest Development Roads.
30. The project engineer and surveyors must be certified by the State in which they reside or maintain their business.
31. A gate must be constructed on the pad access roads near the intersection with Forest Development Road 50018 to prevent public access to the pads. The gate must be locked at any time that the pad is unoccupied by company personnel. The gate design must be approved by the Forest Service.
32. Surface aggregate will be designed to be stable and meet wear requirements contained in Forest Service Specifications for Construction of Roads and Minor Drainage Structures, section 703.06.
33. Drill pads will be designed to prevent or diminish overland flow from entering the site during precipitation events. Pad sites will be sloped

to drain all spills and on-site precipitation into the reserve pits. If necessary, pits will be pumped out to reduce their content and insure that overflow does not occur. Fluids will be disposed of off-Forest at a Utah State approved disposal site.

34. The operator must take reasonable precautions when setting surface casing to prevent excessive migration of cement in fracture systems that could disrupt the flow and quality of water at springs in the vicinity of the well. Measures such as use of high-viscosity cement and non-polluting additives should be considered.
35. Water needed in support of operations must be properly and legally obtained according to Utah State water laws. The location of diversion, if on National Forest System lands, is subject to Forest Service approval.
36. Sanitary facilities are required on site at all times during operations. The installation of facilities other than self-contained chemical toilets is subject to State and Forest Service approval.
37. Unless otherwise specified in the Forest Service conditions for approval the Surface-Use Plan of Operations, contaminated soils and gravel in the project area and the contents of the reserve pit, including the liner material, will be removed from the National Forest and disposed of at an approved facility. Exceptions may be granted if the operator can demonstrate non-toxicity through testing or isolation through encapsulation.
38. Before construction, reconstruction, or operation activities can commence, the operator must file a spill contingency plan with the Forest Service. The plan must identify the potential for spills to occur, activities that could result in spills, substances that could be spilled, identify appropriate containment/cleanup actions, and identify equipment/materials to be maintained in vehicles and at the drilling pad to contain or neutralize spilled materials. The plan must identify potentially affected parties, required contacts, and time frames for cleanup in the event of a spill. The plan must be consistent with the United States Environmental Protection Agency Region VIII Oil and Hazardous Substances Regional Contingency Plan.
39. Anschutz will monitor water quality. Anschutz will develop and submit a water monitoring plan to be approved by the Forest Service. The plan will identify the monitoring objective(s), items to monitor, monitoring sites, methodology, frequency and duration, analysis and reporting procedures, projected costs, and monitoring responsibility. Project implementation will not be permitted until the monitoring plan is approved.
40. Sediment catchment structures will be added below critical construction areas to reduce sedimentation.
41. Livestock may be temporarily excluded from disturbed areas through let-down fencing or other appropriate measures in critical sections above Burnout and James Canyons.
42. Warning signs will be installed at the entrance to road construction or reconstruction projects, at the junction of Forest development roads and work roads, and near dispersed camp areas 1/4 mile from drilling operations to alert hunters and other Forest users to the presence of working equipment and crews.

43. Drill rigs and heavy equipment shall NOT be transported in or out of the Trough Springs Ridge area on FDR 50018 during Federal and State holiday weekends. (For example, equipment may not be mobilized on a typical holiday weekend beginning noon on Friday through noon the following Tuesday.)
44. Drill rigs and heavy equipment shall NOT be transported in or out of the Trough Springs Ridge area on FDR 50018 during the opening days of the general elk hunt (on or about September 28 through October 2) and deer hunt (on or about October 14 through 17).
45. Road improvement and pad development activities will not begin until Monday, July 8th to avoid impacts to elk in their spring ranges.
46. Anschutz will construct a traffic barrier, obliterate, and reseed nonsystem roads not needed for future management adjacent to the Trough Springs Road. Approximate miles to be improved include nonsystem ridgeline roads leading into North and South Hughes Canyons (0.25 miles each) and a loop road at the head of Valentine Canyon (0.5 miles). Forest Service will supply and install sign posts to inform the public of road closure.
47. Anschutz shall repair watershed contour furrows damaged during exploration operations as approved by the Forest Service.
48. Drilling operations shall be coordinated with grazing permittees.
49. Gates must be closed after entry unless otherwise specified.
50. Anschutz will be held responsible for all damage to fences, cattleguards, resource improvements, roads, and other structures on National Forest System lands which result from their operations. The Forest Service must be notified of damages as soon as possible.
51. Harassment of livestock and wildlife is prohibited.
52. The operator will assure (certify) all drilling equipment, vehicles, and all fill materials, including road aggregate imported to National Forest System lands for the purpose of construction, operation, and maintenance of the roads and pads must be free of noxious weeds and seeds prior to entering upon Forest Service lands. The operator will be held responsible for control of noxious weed infestations within areas they disturb ie. drill pads and roads.
53. Straw, hay, or feed used on the National Forest's of Utah must be certified weed-free by the State of Utah.
54. Surveys for new goshawk nesting territories will be conducted in areas of suitable habitat the year prior to and during implementation. The operator will be notified of the results of the surveys with any special requirements for protecting them, if any are present.
55. If cultural or paleontological resources are found during implementation of the project, operations will immediately cease at that location and the District Ranger will be notified. Unauthorized excavation, removal, or damage of archaeological resources is subject to fines and other penalties under authority of the Archaeological Resources Protection Act (ARPA)

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Notify the Forest Service, Ferron Ranger District Office at least 48-hours prior to commencing construction of location.

Spud- Notify the BLM Price Field Office 24-hours prior to spud. Submit written notification (Sundry Notice, Form 3160-5) to the BLM Moab Field Office within 24-hours after spud, regardless of whether using a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports that describe the progress and status of the well shall be submitted to the BLM Moab Field Office on at least a weekly basis. This report may be in any format customarily used by the operator.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- Any modification to the proposed drilling program shall be submitted to the BLM Moab Field Office on a Sundry Notice (Form 3160-5). Regulations at 43 CFR 3162.3-2 describe which operations require prior approval, and which require notification.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the BLM Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, immediately notify the Forest Service, Ferron Ranger District Office, and work that might disturb the cultural resources shall cease.

First Production- A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Forest Service, Ferron Ranger District Office.

Notify the BLM Moab Field Office when the well is placed into production. Initial notification may be verbal, but must be confirmed in writing within five business days. Please include the date production started, the producing formation and production volumes.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a *Well Completion or Recompletion Report and Log* (Form 3160-4) shall be submitted to the BLM Moab Field Office within thirty-days after completion of the well. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the BLM Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the BLM Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered to be shut-in until the gas can be captured or until approval to continue the venting/flaring pursuant to NTL-4A is granted. Compensation shall be due for gas that is vented/flared without approval.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the BLM Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the BLM Moab Field Office for off-lease measurement, off-lease storage and/or commingling of production prior to the sales measurement point. The term "commingling" describes both the combining of production from different geologic zones and/or combining production from different leases or agreement areas.

Plugging and Abandonment- If the well is a dry hole, plugging instructions must be obtained from the BLM Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Sundry Notice, Form 3160-5) will be filed with the BLM Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Forest Service, Ferron Ranger District Office.

TABLE 1

NOTIFICATIONS

Notify Tom Lloyd (435-636-3596) of the Forest Service, Ferron Ranger District; or Walton Willis (435-636-3662) of the BLM Price Field Office for the following:

2 days prior to commencement of dirt work, construction and reclamation; (Lloyd)

1 day prior to spud; (Willis)

50 feet prior to reaching the surface casing setting depth; (Willis)

3 hours prior to testing BOP equipment. (Willis)

If the person at the above number cannot be reached, notify the BLM Moab Field Office at 435-259-2100.

Well abandonment operations require 24-hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained from:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
USA-U-02353

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Clear Creek Unit

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Ridge Runner 7-20

2. NAME OF OPERATOR:
Marion Energy, Inc.

9. API NUMBER:
4301530681

3. ADDRESS OF OPERATOR:
119 S. Tennessee CITY McKinney STATE TX ZIP 75069

PHONE NUMBER:
(972) 540-2967

10. FIELD AND POOL, OR WILDCAT:
Clear Creek Unit

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1525' FSL, 1753' FWL COUNTY: Emery
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NE 1/4 20 14S 7E STATE: UTAH
SWSW

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>1 Year APD Extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Marion Energy Inc. is requesting a one year extension of its APD for the Ridge Runner 7-20, API Number 4301530681. We are requesting this because of the availability of rigs.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 05-14-07
By: [Signature]

COPY SENT TO OPERATOR
Date: 5-14-07
Initials: KM

NAME (PLEASE PRINT) Scott Jacoby TITLE Associate Landman

SIGNATURE [Signature] DATE 4/23/2007

(This space for State use only)



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4301530681
Well Name: Ridge Runner 7-20
Location: SW ~~NE~~ Sec 20 T14S R7E
Company Permit Issued to: Mid Power Resource Corporation
Date Original Permit Issued: 4/26/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

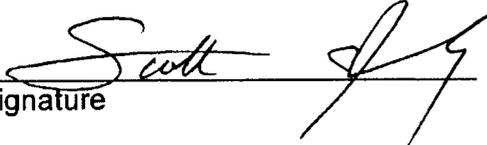
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No



 Signature

4/23/2007

 Date

Title: Associate Landman

Representing: Marion Energy, Inc.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: USA-U-02353
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
2. NAME OF OPERATOR: Marion Energy, Inc.		8. WELL NAME and NUMBER: Ridge Runner 7-20
3. ADDRESS OF OPERATOR: 119 S. Tennessee CITY McKinney STATE TX ZIP 75069		9. API NUMBER: 43-015-30281
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1502ft FSL 1716ft FWL COUNTY: Emery		10. FIELD AND POOL, OR WILDCAT: Wildcat
CTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SW 20 14S 7E STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Move in Pete Martin Drilling</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Moved in Pete Martin Drilling and set and cemented 40' of 20" conductor. This sundry will serve as **spud notification** on this well

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE	DATE <u>8/3/2007</u>

(This space for State use only)

RECEIVED
AUG 10 2007



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 25, 2008

Marion Energy Inc.
119 S. Tennessee Ste. 200
McKinney TX 75069

Re: APD Rescinded – Ridge Runner 7-20 Sec. 20, T.14S, R. 7E
Emery County, Utah API No. 43-015-30681

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on April 26, 2006. On May 14, 2007, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective July 25, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Price



STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: U-02353
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: CLEAR CREEK
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: RIDGE RUNNER 7-20
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS, LLC	9. API NUMBER: 43015306810000
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250, Houston, TX, 77008	PHONE NUMBER: 281 540-0028 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1524 FSL 1752 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSW Section: 20 Township: 14.0S Range: 07.0E Meridian: S	9. FIELD and POOL or WILDCAT: CLEAR CREEK COUNTY: EMERY STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/25/2015 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

This well had 20" conductor set in it at 40' and had since been left inactive. We plan to plug this conductor pipe back to surface. Location: Section 20, Township 14S, Range 7E Status: Inactive Wellbore: 20" conductor pipe set at 40' Plan: 1. Pump any water that may be in wellbore out. 2. Fill conductor pipe to surface with ready mix cement. Cap pipe

**Accepted by the
Utah Division of
Oil, Gas and Mining**

Date: ~~September 29, 2015~~
 By:

NAME (PLEASE PRINT) Tyler Merritt	PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A	DATE 9/21/2015	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5.LEASE DESIGNATION AND SERIAL NUMBER: U-02353
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7.UNIT or CA AGREEMENT NAME: CLEAR CREEK
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: RIDGE RUNNER 7-20
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS,LLC	9. API NUMBER: 43015306810000
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250 , Houston, TX, 77008	PHONE NUMBER: 281 540-0028 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1524 FSL 1752 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSW Section: 20 Township: 14.0S Range: 07.0E Meridian: S	9. FIELD and POOL or WILDCAT: CLEAR CREEK COUNTY: EMERY STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 10/6/2015 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Currently there is 40' of 20" conductor pipe set. We plan to plug this well with 14# or greater Ready Mix. We will cut 4' below ground and cap. The cap will contain well name, location, and lease information.

**Accepted by the
 Utah Division of
 Oil, Gas and Mining**

Date: ~~October 05, 2015~~

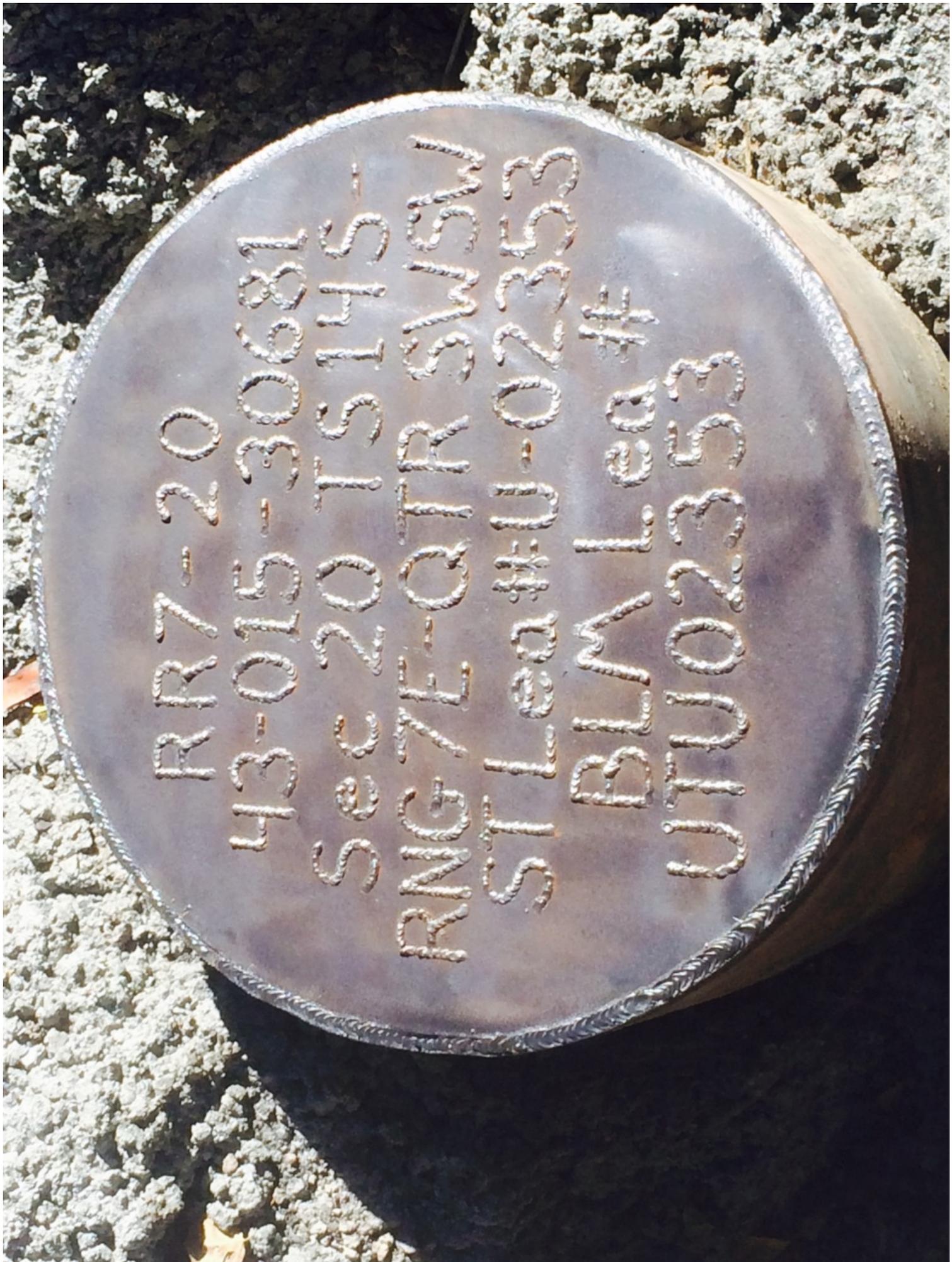
By:

NAME (PLEASE PRINT) Tyler Merritt	PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A	DATE 10/1/2015	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9	
		5. LEASE DESIGNATION AND SERIAL NUMBER: U-02353	
SUNDRY NOTICES AND REPORTS ON WELLS		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		7. UNIT or CA AGREEMENT NAME: CLEAR CREEK	
1. TYPE OF WELL		8. WELL NAME and NUMBER: RIDGE RUNNER 7-20	
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS, LLC		9. API NUMBER: 43015306810000	
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250, Houston, TX, 77008		9. FIELD and POOL or WILDCAT: CLEAR CREEK	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1524 FSL 1752 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSW Section: 20 Township: 14.0S Range: 07.0E Meridian: S		COUNTY: EMERY	
		STATE: UTAH	
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start: <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 10/8/2015 <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.			
Measure hole: Find 40' of pipe Pump all existing rain water from hole Pump in 4 yards of 18# cement to sfc Cut pipe 3' below surface Weld well cap with all pertinent information to pipe Bury cap and level surface			
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY April 21, 2016			
NAME (PLEASE PRINT) Tyler Merritt		PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A		DATE 1/20/2016	



STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9	
		5. LEASE DESIGNATION AND SERIAL NUMBER: U-02353	
SUNDRY NOTICES AND REPORTS ON WELLS		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		7. UNIT or CA AGREEMENT NAME: CLEAR CREEK	
1. TYPE OF WELL		8. WELL NAME and NUMBER: RIDGE RUNNER 7-20	
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS, LLC		9. API NUMBER: 43015306810000	
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250, Houston, TX, 77008		9. FIELD and POOL or WILDCAT: CLEAR CREEK	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1524 FSL 1752 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSW Section: 20 Township: 14.0S Range: 07.0E Meridian: S		COUNTY: EMERY	
		STATE: UTAH	
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start: <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 10/9/2015 <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.			
Measure depth of conductor. 40' Pumped all water from pipe. Pump in 4 yards of 18# cement. Fill to surface Cut pipe 4' below surface Weld on cap with proper labels.			
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY April 21, 2016			
NAME (PLEASE PRINT) Tyler Merritt		PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A		DATE 2/12/2016	



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT FORM 8
(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:
U-02353

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

7. UNIT or CA AGREEMENT NAME
Clear Creek

8. WELL NAME and NUMBER:
Ridge Runner 7-20

9. API NUMBER:
4301530681

10. FIELD AND POOL, OR WILDCAT

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
SWSW 20 14S 7E

12. COUNTY
Emery 13. STATE
UTAH

1a. TYPE OF WELL: OIL WELL GAS WELL DRY OTHER **Never Drilled**

b. TYPE OF WORK: NEW WELL HORIZ. LATS. DEEP-EN RE-ENTRY DIFF. RESVR. OTHER **P&A**

2. NAME OF OPERATOR:
Utah Gas Operating Solutions LLC

3. ADDRESS OF OPERATOR:
1415 North Loop West CITY Houston STATE TX ZIP 77008 PHONE NUMBER:
(281) 540-0028

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **1524 FSL, 1752 FWL**

AT TOP PRODUCING INTERVAL REPORTED BELOW:

AT TOTAL DEPTH:

14. DATE SPUDDED: **8/3/2007** 15. DATE T.D. REACHED: 16. DATE COMPLETED: **10/9/2015** ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):
18. TOTAL DEPTH: MD **40** TVD 19. PLUG BACK T.D.: MD **4** TVD 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) 23. WAS WELL CORED? NO YES (Submit analysis)
WAS DST RUN? NO YES (Submit report)
DIRECTIONAL SURVEY? NO YES (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
26	20		0	40					

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

27. PERFORATION RECORD

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

WAS WELL HYDRAULICALLY FRACTURED? YES NO IF YES - DATE FRACTURED:

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

- ELECTRICAL/MECHANICAL LOGS GEOLOGIC REPORT DST REPORT DIRECTIONAL SURVEY
 SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION CORE ANALYSIS OTHER: _____

30. WELL STATUS:

Plugged

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Tyler Merritt

TITLE Agent

SIGNATURE Tyler Merritt

DATE 2/18/2016

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

Plugging Procedure:

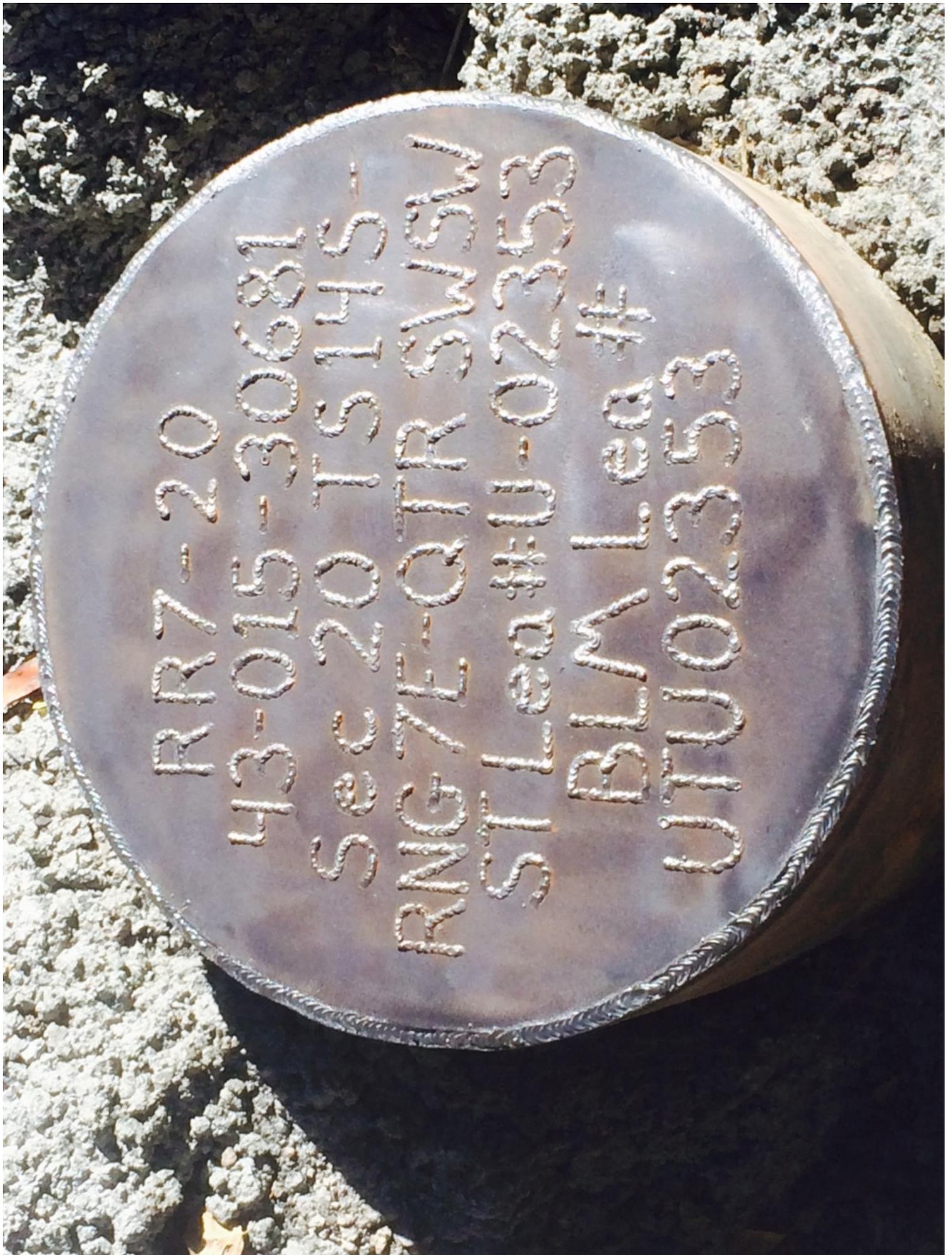
Measured hole and found 40' of pipe.

Pumped all rain water out of hole.

Pumped in 4 yards of 18# cement. Filled to surface.

Cut pipe 4' below surface.

Welded on cap with all pertinent information.



RR7-20
43-015-30681
Sec 20 T514S
RNG7E-QTR SWSW
ST Lead #U-02353
BLW Lead #
UTW02353